2021 | Annual Report
for the year ended 30 September 2021

# Continued Excellence

Corporate Social Responsibility

Innovative Farming

Bond with Growers

Community Empowerment

JDW

JDW Sugar Mills Limited

# OUR VISION IS

## to Create Opportunities for the Future.

Before bringing life to a vision we have to see it first and for that we need people who specialize in seeing the impossible. Here at JDW, we are proud of the visionary people we have who take up the responsibility of creating opportunities for the future, not only for our Company but for the whole community we operate in.

We believe life is about the betterment of the human condition; it's about social awareness, and random acts of kindness that weave the soul of humanity. Together, we all participate in weaving the social fabric; we should all therefore be patching the fabric when it develops holes. The change has begun, here at JDW, as we have started to unpack the challenges that encounter us, realizing that we each have a role that requires us to change and become more responsible for shaping our community and creating magic under JDW's vision. A vision in which everyone is benefited, be it our shareholders, the farmers or you.

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# Company Review

# CORPORATE INFORMATION

## Board of Directors

**Mr. Jahangir Khan Tareen**
Director

**Mukhdoom Syed Ahmad Mahmud**
Director / Chairman

**Mr. Raheal Masud**
Director / Chief Executive

**Mrs. Samira Mahmud**

**Mr. Ijaz Ahmed**

**Mr. Asim Nisar Bajwa**

**Mr. Zafar Iqbal**

## Chief Operating Officer

**Rana Nasim Ahmed**

## Group Director (Finance) & CFO

**Mr. Muhammad Rafique**

## Company Secretary / Legal Head

**Mr. Maqsood Ahmad Malhi**

## Audit Committee

**Mr. Zafar Iqbal**
Chairman / Member

**Mrs. Samira Mahmud**
Member

**Mr. Ijaz Ahmed**
Member

## HR & R Committee

**Mr. Asim Nisar Bajwa**
Chairman / Member

**Mrs. Samira Mahmud**
Member

**Mr. Ijaz Ahmed**
Member

## Nomination Committee

**Mr. Jahangir Khan Tareen**
Chairman / Member

**Mr. Asim Nisar Bajwa**
Member

## Risk Management Committee

**Mr. Jahangir Khan Tareen**
Chairman / Member

**Mr. Asim Nisar Bajwa**
Member

## Registrar

Corplink (Pvt.) Limited

## Bankers

### Conventional

MCB Bank Limited

The Bank of Punjab

Habib Bank Limited

Askari Bank Limited

Standard Chartered Bank (Pakistan) Limited

National Bank of Pakistan

Allied Bank Limited

Soneri Bank Limited

Pak Kuwait Investment Company Limited

Pak Oman Investment Company Limited

Pak Brunei Investment Company Limited

Pak Libya Holding Company Limited

United Bank Limited

## Islamic

Dubai Islamic Bank Pakistan Limited

MCB Islamic Bank Limited

Bank Alfalah Limited

BankIslami (Pakistan) Limited

Askari Bank Limited

National Bank of Pakistan

Meezan Bank Limited

## Auditors

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

## Registered Office

17-Abid Majeed Road, Lahore
Cantonment, Lahore, Pakistan

## Legal Advisor

Cornelius, Lane & Mufti

## Mills

**Unit-I:** Mauza Shirin, Jamal Din Wali, District Rahim Yar Khan.

**Unit-II:** Machi Goth, Sadiqabad. District Rahim Yar Khan.

**Unit-III:** Mauza Laluwali, Near Village Islamabad, District Ghotki.

## Web Presence

www.jdw-group.com

# MISSION

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

# STRATEGY

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfil social commitments.

# VALUES

Innovating & Improving

Protecting our People & Growers

Acting with Integrity

Working Together

Community Empowerment

# HIGH PRESSURE CO-GENERATION POWER PLANTS

2021, was another satisfactory year for the pioneering Co-Generation Power projects which effectively achieved its generation capacity levels, maintaining it throughout the year. The plants ran smoothly contributing its share to the National Grid.

The first 26.6 MW power plant at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab achieved Commercial Operations Date (COD) on June 12, 2014 after completing all independent testing and certification requirements, while the second 26.8 MW plant at JDW Unit-III, District Ghotki, Sindh achieved COD on October 3, 2014.

Both power plants are fully operational and supplying affordable and renewable electricity under Energy Purchase Agreements. The plants efficiently utilize indigenous bagasse as fuel, which besides being environment friendly, also has the major benefit of saving precious foreign exchange for the country compared to imported fuels such as furnace oil or imported coal.

The Company's power plants are the first to materialize under NEPRA's upfront bagasse tariff. As various other sugar mills are now following suit, it is hoped that the Company's initiatives will serve as a catalyst for the realization of the sugar industry's 2,500 MW power potential.

The Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale of electricity. In this respect, the Company entered into a "Master Agreement" and an "EPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021.

## Gross Revenue from Co-Generation

4,007

Rs. in million

**2020-21**

## Energy Units Delivered

329,929

MWh

**2020-21**

# CORPORATE FARMING

## Farming Activities by JDW Sugar Mills Limited

Human resource is undoubtedly the backbone of our industry business. With sound farming knowledge, distinctive agronomic strategies and modern machinery, our people help us building highly efficient and eco-friendly farms with higher yields. Our innovative farming techniques have also led us to build the capacity of existing farmers resulting in improved and reliable cane supply to JDW.

JDW believes in investing in our future by undertaking large scale research and development activities such as:

- Varietal screening and selection;
- Soil and water testing laboratory;
- Bio-laboratory facility;
- Hot water treatment facility;
- Disease free Seed Screening Program;
- Transfer of technology;
- Application of GIS (Computerized Geographic Information System); and
- Application of precision agriculture methodologies

## Automation and Mechanization

Large scale farming operations cannot be managed effectively without mechanization. We have managed to acquire latest tractors and other farming equipment's from local as well as foreign sources. In addition to that, we have rationalized farm layouts and combined the traditional farming techniques with newly acquired technologies to achieve maximum yield in the region. Few of our mechanized operations are given below: -

- Using semi-mechanized planting techniques;
- Fertilizing (2 and 3 row coulter applicators);
- Magnum 340 HP tractors with GPS Scrappers for levelling;
- Magnum 340 HP tractors with GPS enable Ecolotiger Cultivation;

- Puma 140 HP tractors with hydraulic tilting blade to make drains;
- CNH 140 HP tractors for Zonal Ripper;
- Gypsum spreaders;
- Inter row herbicide sprayers;
- High clearance tractor spraying;
- Granular pesticide applicator;
- Harvesting;
- Designing and manufacturing of stubble cultivator
- Well-equipped workshop for high tech maintenance.

## Precision Agriculture

Precision Agriculture (PA) is the act of managing different land variables using latest technology such as Global Positioning Systems (GPS), Geographic Information Systems (GIS), Remote Sensing (RS) and Yield Mapping. Adoption of PA practices can improve the efficiency and profitability of farming operations to a great extent. Under the supervision of foreign consultants, our engineering team is making full use of these techniques to achieve higher yield at lower costs.

## Sustaining Field Operations by Replacing Rotary HOE with Stumble Cultivator

Double disc with crumb roller eclotiger with 140 Hp double disc system now adopted. This will create revolution in term of time and energy saving in offset and seed bed operations. Replacement of rotary hoe will stop deterioration of soil structure which leads to improve soil by maintaining soil porosity, water holding capacity, soil drainage and reduction of surface sealing.

## Crop Varieties

Promising Sugarcane varieties play an important role in crop improvement and sustainable farming. We are progressing with some promising sugarcane varieties at JDW Research farm. These varieties have been selected this year and will be known as "J16" series. These varieties were breed in 2016 at JDW breeding station Thatta and after five years selection process, now these varieties will be multiplied further at JDW corporate farms on different soil types for adoptive trials in 2022. More qualitative and quantitative data will be taken to see their adoptability on larger fields. Further sugarcane seedlings have been produced every year through breeding of selected parents. We are utilising both local and foreign germplasm in breeding having good traits.

Production of disease free seed for corporate farms and local growers.

Production of certified seed (Disease free seed playing vital role in sugar industry).

Recent tests revealed ratoon stunting RSD and White leaf disease (WLD) is found common in commercial cultivars of the area. In this scenario seed certification is important to keep sustain cane production through these locally adopted cultivars. Hot water treatment of the seed is the only solution to minimize the impact of above mentioned diseases. JDW have constructed large heat treatment facilities at each mill and seed treatment has been done successfully. Disease free seed nurseries have established at JDW corporate farms. This is a continuous process. We are doing hot water treatment every year and keep building the healthy seed nurseries at our farms. This practice is very important to keep the disease pressure under economic threshold level.

## Weed Management

Creeping weeds like morning glory and twine vine is going serious problem among farms. These weeds are introduced around flood areas around Indus river bank in 2010. A serious efforts of herbicide trials are underway to control and check the further spread of these weeds. JDW is making long and short-term strategies, which are now at final stage.

## Hot Water Treatment (HWT) Facility

Hot water treatment is primarily required to ensure disease free seed for farms. Small portable HWT plant was setup in 2014 under crop improvement (R&D), new portable setup was imported and HWT started in 2016-17. Fixed hot water treatment plants of bigger capacity are now constructed at

JDW-I and DSML, started operations from season 2017-18. Further, HWT at JDW-II had also started operations in the season 2019-20.

## Irrigation

JDW has always emphasized on improving irrigation efficiency in the region. Over the years, irrigation using poor quality tube well water has led to serious soiled gradation that resulted in loss of yield. At JDW, all ground water sources are constantly tested in the laboratory to ensure that suitable water is supplied to crops. The farms are designed using latest laser levelling technology to ensure improved irrigation, at reduced costs and increasing yield potential. In recent times, addition of flow-meters on irrigation sources started to quantify the efficiency of irrigation.

## Harvesting Operations

JDW has adopted the use of mechanical harvesters and prime mover cane transport systems for harvesting and transporting cane from farm to mill on timely basis. This saves a lot of harvesting and transportation costs and crucial cane nutrition. JDW currently operates 16 harvesters and has the capacity to mechanically harvest over 450,000/- tonnes of cane over 13,000/- acres per season. The mechanical harvest and transport system continues to evolve into a world class operation as efficiencies improve with new innovations, improved infrastructure and improved farm designs.

Cane production is affected by both harvesting and field issues which can impact on sugar quality and quantity. Both harvesting efficiency and crop presentation affect cane yield, cane quality and ratooning. Foreign consultants are working with JDW and have developed Harvesting Best Practice (HBP) guidelines to reduce cane loss, improve cane quality, and reduce stool damage. The HBP guidelines also focus on the impact that crop presentation has on harvesting efficiency. Information available covers topics such as farming for efficient harvesting; the effect of extractor fan speed on cane loss, crop yield, Commercial Cane Sugar (CCS), reduction in base cutter/chopper losses; and improvement in billet quality for planting.

# CORPORATE SOCIAL RESPONSIBILITY

## Sugarcane Crop Improvement Program

Sugarcane crop can improve with new sugarcane varieties and this can only achieve through sugarcane research and breeding. JDW is producing its own seed/fuzz through sugarcane flowering and crossing. We normally produce 400 successful crosses each year and achieve excellent germination from the sexual seed. We germinate the seed in specific germination chamber which give excellent results. This year, we have produced 19,000 seedlings successfully through which we are doing the selection process for the varieties.

We are also importing the vegetative seed of varieties from different countries through CIRAD France. From this material, there are few promising sugarcane varieties in the pipeline. The sucrose % ranges from 11% to 12.5% and average yield is 1,000 to 1,200 maunds/acre. We are propagating and multiplying these clones for further planting at mills farms in Punjab and Sindh. Disease resistance is very important in new varieties.

Now, we are producing healthy seed nurseries through hot water treatment technology. Large HWT facilities have been built at JDW mills and we are successfully producing disease free seed nurseries.

We have also start working on drone technology for agriculture use. We will do foliar spray against vine weeds on sugarcane crop when the crop gets long and manual spray becomes impossible. Our aim is to develop drone sprayer for sugarcane crop and get weed free crop at the time of harvest.

## Integrated Pest Management

Humans have long been in direct competition with attack of pests from our ancestral beginnings. Pest competes with humans for food, fiber and shelter. Different kind of insect pest's attack sugarcane crop which can be divided into two classes (a) sucking pests (b) sugarcane borers. Pests of both classes can damage the crop severely which may lead to low yield and inferior quality cane. JDW group owns a specialized team for managing insect pests of grower's crop under Umbrella of "Cane Development & Farmer Support Program" As far as insect pests are concerned; Pyrilla and Black bug are major sucking pests in our crushing zone and stem and top borers are among the major chewing type insect pests. We are investing huge budget for provision of pesticides to growers for the management of these pests. Field teams consisting of development and cane departments have rigorously followed the crop of every grower to control these pests. Alhamdulillah with coordinated efforts of field staff and with patronage of JDW Group's management we have ideally managed the populations of above mentioned insect pests.

JDW has established a separate bio-lab with a team of entomologists keeping a continuous check on the pest and disease situation and other entomological challenges common to sugarcane cultivation. For management of insect pests, team of "JDW group" is working at grass root level and educating the growers through cluster meetings, individual contacts, crop visits and printed pamphlets. We used IPM approach i.e. utilizing both biological agents and chemicals for keeping pest population below economic threshold level (ETL). Insects cane reduce yield upto 50% and sucrose accumulation upto 35% and even more under extra ordinary attack.

Most important diseases which have destructive impact on sugarcane varieties are "Red Rot" and "White Leaf" disease. Crushing zone of JDW Group Mills are facing problem of both these diseases. To save our crop from these diseases we are fighting on two frontiers:

(i) Promoting disease resistant varieties.

(ii) Snubbing insect vectors responsible for spreading of these diseases.

## Sugarcane Productivity Enhancement Project (SPEP)

SPEP was initiated with combined efforts of NRSP and the JDW in 2000 with the objective of enabling 10,000 farmers with small landholdings to double their per acre yield of sugarcane, and thereby raise their incomes and standard of living, over the years. The project was launched in District Rahim Yar Khan in areas adjacent to the JDW Mill. We have intervened in one hundred eleven (111) union councils and 846 revenue villages within these union councils, 193,026 acres of land and 109,311 households in four (04) tehsils namely 'Rahim Yar Khan', 'Khan Pur', 'Liaqat Pur' and 'Sadiqabad'. It is a comprehensive and intended intervention for agriculture production expansion and the living standards of poor people. Its need was felt when the statistics of the region showed the declining trends in the acreage of sugarcane. The declining trend was attributed

to poor seed quality, low yields, nonscientific agronomic practices, lack of access to credit and delayed payment to small growers by the Mills which discouraged the small farmers and growers. Another objective of SPEP was to double the production of sugarcane of 10,000 small farmers living in designated Union Council around the JDW in RYK. SPEP has been designed to enhance small farm (<20 acres) profitability through agriculture & livestock extension services and provision of credit without collateral. The community organizations (COs) receive SPEP support from a professional team consisting of a social organizer, an agricultural extension officer, and a veterinary officer. The SPEP program had a significant positive impact on total household income, farm income, sugarcane income, and household expenditures.

### The following activities have been carried out in the SPEP area:

- Community Mobilization carried out by NRSP
- Organization of small farmers into Community Organization (CO)
- Providing them planning and management training
- Development of marketing channels
- Extension services carried out by JDW
- Arrangement of quality inputs
- Giving technical advice
- Better agronomic practices

### Financial Services carried out both by NRSP and JDW i.e., SPEP

- CO savings
- Credit for fertilizer
- Credit for agriculture machinery and implements

With continued support from JDW, NRSP expanded its operation in 111 union councils. The number of active COs grew in 2020-21 upto 10,835 with a membership of 109,311 farmers. The main features of the SPEP include:

- Increase income of poor rural people by the increase in per acre yield of sugarcane, through:
- Improvement in production technology
- Resource use efficiency
- Need-based support (credit, agri-machinery, inputs, seed etc.)
- Assurance of timely payments by sugar mills.
- Ensure enough quality sugarcane in the catchment area of sugar mills.
- Social mobilization and organization of the rural poor into Community Organizations (COs)
- Provision of agricultural extension services; agricultural graduates employed by JDW Sugar Mills provide services through direct advice in CO meetings, published literature and farm visits.
- Credit facility from JDW Sugar Mills and NRSP for the purchase of seed and other agricultural inputs on the guarantee of the COs.
- Small farmers have access to new Seeds, Pesticides/ farm machinery provided by JDW Sugar Mills on credit at subsidized rates.

NRSP has distributed loan of Rs.1,928 million in the year 2020-21 to raise the productivity & income of the farming communities, which is really helping to increase the social and economic life of the rural communities.

SPEP program has a significant impact on the income of participating households in treatment villages especially for those rural households that participate in CO over longer periods.

## Farmer Support Program

Livestock provides cash flow to farmers to meet the day to day expenses of their family and hence play a pivotal role in running their economy. To harness full potential of animals either in form of milk or meat, knowledge pertaining to animal's nutrition and health is of utmost importance. To transfer knowledge and skill to Livestock farmers of our area, JDW Group under umbrella of "Farmer Support Program" providing following facilities to farmers at their door steps.

- All kind of treatment of sick animals at their door steps.
- Artificial insemination for both buffalo and cow with local and imported semen as well, for breed improvement.
- Deworming for control of ecto and endo parasites.
- Seasonal vaccination for control of out breaks of FMD, HS and ETV like diseases.
- Provision of mineral mixtures to tackle the deficiency of mineral elements.
- All medicines are provided to growers at invoice price and services are free of cost.
- Dissemination of important information about animals' health, nutrition and management through printed pamphlets.

# 02

# Financial Performance

# WE DELIVERED AS COMMITTED

2020-2021

Gross Revenue

65

Rs. in billion

Growers' Payment on Group Basis

40

Rs. in billion

Earnings per Share

81.61

Rs. per share

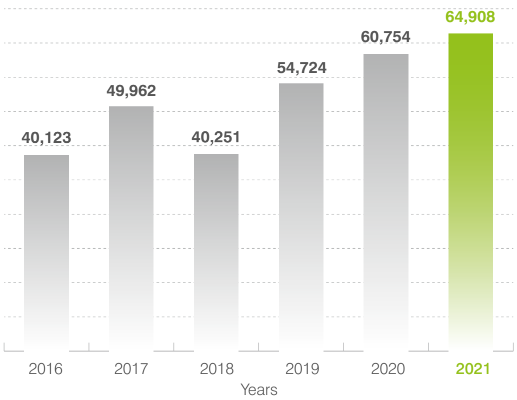
# OPERATING HIGHLIGHTS

(Rupees in thousand)

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Gross revenue | | **64,908,275** | 60,754,018 | 54,724,042 | 40,251,476 | 49,962,325 | 40,122,718 |
| Revenue from contracts with customers | | **56,800,292** | 52,457,860 | 49,119,853 | 37,264,506 | 45,431,957 | 37,287,426 |
| Cost of revenue | | **46,664,716** | 44,867,941 | 43,903,668 | 34,517,475 | 40,807,425 | 30,832,944 |
| Administrative and selling expenses | | **1,954,335** | 1,706,550 | 1,303,568 | 1,088,427 | 1,184,061 | 1,045,415 |
| Finance cost | | **2,251,743** | 3,550,397 | 3,511,601 | 2,269,761 | 1,665,294 | 1,660,106 |
| Other expenses | | **3,692,881** | 584,371 | 754,316 | 5,238 | 166,528 | 1,696,594 |
| Other income | | **(2,210,705)** | (672,739) | (593,359) | (475,637) | (571,049) | (266,648) |
| Profit from operations | | **6,699,065** | 5,971,737 | 3,751,660 | 2,129,003 | 3,844,992 | 3,979,122 |
| Profit / (loss) before taxation | | **4,447,322** | 2,421,340 | 240,060 | (140,758) | 2,179,698 | 2,319,016 |
| Profit / (loss) after taxation | | **4,878,296** | 1,398,517 | 553,296 | (203,441) | 1,588,396 | 2,033,932 |
| Basic earnings / (loss) per share | Rs. | **81.61** | 23.40 | 9.26 | (3.40) | 26.57 | 34.03 |
| Interim Dividend - cash | % | **–** | – | – | – | 100 | 50 |
| Final Dividend - cash | % | **100** | – | 100 | – | 30 | 150 |
| **Total Dividend - cash** | **%** | **100** | **–** | **100** | **–** | **130** | **200** |

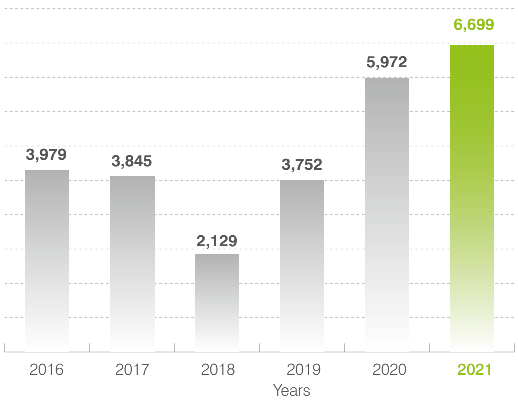
## Gross Revenue

Rupees in Million



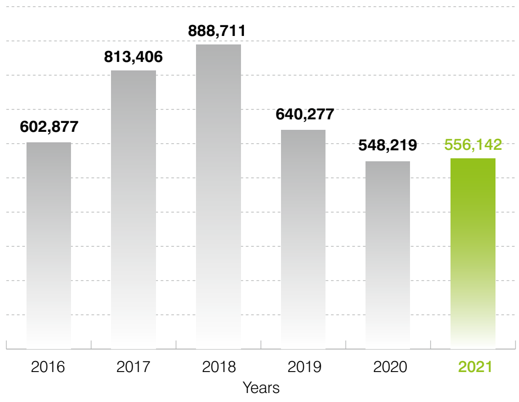

## Profit from Operations

Rupees in Million

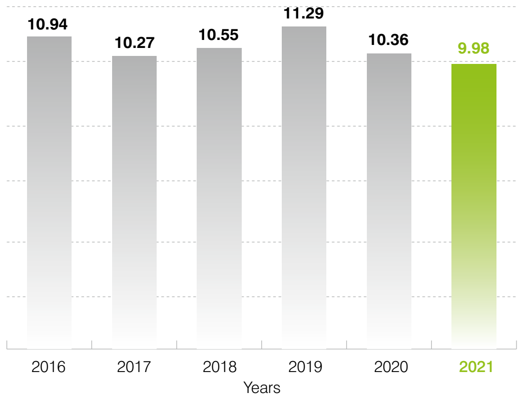


# OPERATING HIGHLIGHTS

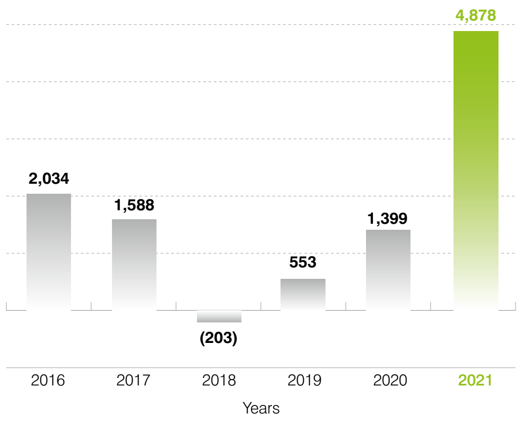
## Sugar Production
(M.Tons)



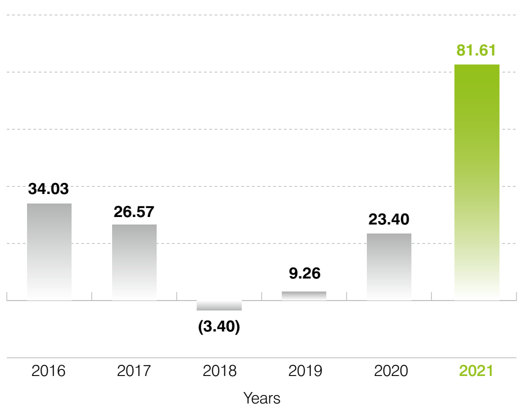

## Sucrose Recovery
(%age)




## Profit / (loss) for the Year
(Rupees in Million)




## Earnings / (Loss) Per Share
(Rupees)



# PRODUCTION DATA

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| **Unit - I** | | | | | | | |
| Sugar production | M.Tons | **255,396** | 260,845 | 287,394 | 409,507 | 357,733 | 280,418 |
| Sucrose recovery | % age | **10.06** | 10.58 | 11.61 | 10.91 | 10.14 | 10.99 |
| Molasses production | M.Tons | **112,167** | 102,835 | 96,101 | 175,655 | 154,437 | 101,604 |
| Molasses recovery | % age | **4.42** | 4.17 | 3.88 | 4.68 | 4.38 | 3.98 |
| **Unit - II** | | | | | | | |
| Sugar production | M.Tons | **159,800** | 153,173 | 190,304 | 255,879 | 247,926 | 169,872 |
| Sucrose recovery | % age | **9.85** | 10.23 | 11.40 | 10.54 | 10.45 | 10.99 |
| Molasses production | M.Tons | **78,991** | 68,003 | 72,354 | 133,267 | 110,324 | 68,207 |
| Molasses recovery | % age | **4.87** | 4.54 | 4.33 | 5.49 | 4.65 | 4.41 |
| **Unit - III** | | | | | | | |
| Sugar production | M.Tons | **140,946** | 134,202 | 162,580 | 223,325 | 207,747 | 152,588 |
| Sucrose recovery | % age | **9.99** | 10.09 | 10.65 | 9.97 | 10.30 | 10.78 |
| Molasses production | M.Tons | **65,104** | 58,749 | 62,882 | 113,728 | 83,072 | 55,150 |
| Molasses recovery | % age | **4.61** | 4.42 | 4.12 | 5.08 | 4.12 | 3.90 |
| **JDW Sugar Mills Limited** | | | | | | | |
| Sugar production | M.Tons | **556,142** | 548,219 | 640,277 | 888,711 | 813,406 | 602,877 |
| Sucrose recovery | % age | **9.98** | 10.36 | 11.29 | 10.55 | 10.27 | 10.94 |
| Molasses production | M.Tons | **256,262** | 229,587 | 231,337 | 422,650 | 347,833 | 224,961 |
| Molasses recovery | % age | **4.60** | 4.34 | 4.08 | 5.02 | 4.39 | 4.08 |

# 03

# Directors' Review

# CHAIRMAN'S REVIEW

## On Board's overall Performance u/s 192 of the Companies Act, 2017

JDW Sugar Mills Limited complies with all the requirements set out in the Companies Act, 2017 (''the Act'') and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (''Regulations'') with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under Regulations, an annual evaluation of the Board of the Directors (''the Board") of JDW Sugar Mills Limited (''the Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas, where improvements are required, are duly considered and action plans are framed and implemented.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended September 30, 2021 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment, as satisfactory, is based on an evaluation of the following integral components, which have a direct bearing on the Board's role in achievement of Company's objectives:

The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time. The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas.

The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, budget plans, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to Board and committee meetings. The Board met frequently enough to adequately discharge its responsibilities. The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

The Board members effectively bring diversity to the Board and constitute a mix of Independent and Non-Executive Directors. The Non-Executive and Independent Directors were equally involved in important Board decisions. The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Regulations and by promoting ethical and fair behaviour across the Company.

05 January 2022 — Chairman
Lahore

# چیئرمین کا جائزہ

JDW شوگر ملز لمیٹڈ اپنی تشکیل، طریقہء کار، بورڈ آف ڈائریکٹرز کی میٹنگز اور اس کی متعلقہ کمیٹیوں کی میٹنگز کے حوالے سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 پر مکمل طور پر کاربند ہے۔ جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے کہ JDW شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لیا جائے۔ اس جائزے کا مقصد یہ ہے کہ بورڈ کی کارکردگی کو کمپنی کی توقعات اور مقاصد کی روشنی میں جانچا اور متعین کیا جا سکے۔

بورڈ کی کارکردگی کو جانچنے کیلئے ایک جامع معیار طے کیا گیا ہے۔ بورڈ نے 30 ستمبر 2021 کو اختتام پذیر ہونے والے سال کیلئے اپنی سالانہ کارکردگی کی جانچ مکمل کی ہے اور میں بلاشبہ یہ کہہ سکتا ہوں کہ:

- طے شدہ معیار کی روشنی میں بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔
- بورڈ کی کارکردگی کو مندرجہ ذیل انتہائی اہم امور کی روشنی میں تسلی بخش قرار دیا گیا۔ کمپنی کے مقاصد کے حصول کیلئے ان امور کا بورڈ ممبران سے براہِ راست تعلق ہے۔

بورڈ کے تمام اراکین موجودہ اولین مقاصد، مشن اور اقدار سے پوری طرح آگاہ ہیں اور ان کی مکمل حمایت کرتے ہیں۔ بورڈ کے اراکین وقتاً فوقتاً مشن اور ویژن کا جائزہ لیتے رہتے ہیں۔

بورڈ کو اپنے سٹیک ہولڈرز (حصص مالکان، گاہکوں، ملازمین، سپلائرز اور معاشرے) سے مکمل آگاہی ہے۔ بورڈ کو اس بات کا مکمل ادراک ہے کہ اگلے تین سے پانچ سال میں کمپنی کس مقام پر ہوگی۔ مزید برآں بورڈ، منتظمین کیلئے کارکردگی کے حوالے سے تمام اہم امور کے سالانہ اہداف مقرر کرتا ہے۔

بورڈ کے ارکین نے اپنے فرائض تندہی سے ادا کئے۔ انہوں نے گفت وشنید اور محتاط جائزوں کے بعد کاروباری حکمتِ عملی، کاروباری مقاصد، بجٹ، مالیاتی اور دیگر رپورٹوں کی منظوری دی۔ بورڈ اور کمیٹی کی میٹنگز سے پہلے مکمل ایجنڈا اور تحریری مواد بروقت موجود ہوتا تھا۔ بورڈ نے اپنے فرائض کو احسن طریقے سے پورا کیا ہے۔

بورڈ کمپنی کے مقاصد، اہداف، حکمتِ عملی اور مالیاتی کارکردگی کے حوالے سے مکمل باخبر رہا۔ بورڈ کو یہ معلومات منتظمین، اندرونی و بیرونی آڈیٹرز اور خودمختار مشاورت کاروں کی بدولت حاصل ہوتی رہیں۔ بورڈ نے ان تمام امور سے متعلق بروقت اور مناسب رہنمائی کی۔

خودمختار اور نان ایگزیکٹو بورڈ ممبران کی بدولت بورڈ میں ایک موثر قسم کا تنوع پایا جاتا ہے۔ خودمختار اور نان ایگزیکٹو بورڈ ممبران اہم نوعیت کی فیصلہ سازی میں برابر کا حصہ رکھتے ہیں۔

بورڈ نے نہایت موثر طریقے سے ایک شفاف اور مضبوط انتظامی نظام قائم کیا۔ کمپنی میں موثر کنٹرول سسٹم، کمپنی بھر میں منصفانہ اور اخلاقی رویئے اچھے انتظام اانصرام اور کنٹرول کی بہترین جہتوں کو ظاہر کرتے ہیں۔

۵ جنوری ۲۰۲۲
لاہور

چیئرمین

# DIRECTORS' REPORT

## We, on behalf of the Board of Directors of JDW Sugar Mills Limited, are pleased to present the Company's 32nd Annual Report together with the Audited Financial Statements for the year ended 30th September 2021.

## Overview

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited Company and was subsequently converted into a public limited Company on 24 August 1991. Shares of the Company are listed on the Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar, electricity and managing corporate farms.

## Operating Results

Operating results of the Company for the year under review are summarized below:

| Description | | 2020-21 | | | | 2019-20 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | JDW-I | JDW-II | JDW-III | COMBINED | JDW-I | JDW-II | JDW-III | COMBINED |
| Sugarcane Crushed | M. Tons | 2,537,605 | 1,621,775 | 1,411,576 | **5,570,956** | 2,464,468 | 1,497,319 | 1,329,945 | **5,291,732** |
| Sugar Production | M. Tons | 255,396 | 159,800 | 140,946 | **556,142** | 260,845 | 153,173 | 134,202 | **548,219** |
| Sucrose Recovery | %age | 10.06 | 9.85 | 9.99 | **9.98** | 10.58 | 10.23 | 10.09 | **10.36** |
| Molasses Production | M. Tons | 112,167 | 78,991 | 65,104 | **256,262** | 102,835 | 68,003 | 58,749 | **229,587** |
| Molasses Recovery | %age | 4.42 | 4.87 | 4.61 | **4.60** | 4.17 | 4.54 | 4.42 | **4.34** |

## The comments on above operating results are as under:

Sugarcane crushed this time was higher by 5% as compared to last crushing season but corresponding increase in sugar production was not in line with that increase which was just 1.5% due to 38 bps reduction in the sucrose recovery. Recovery of molasses, however, has jumped up from 4.34% to 4.60% showing an increase of 26 bps. There has been declining trend in sucrose recovery since last two years. In year 2018-19 sucrose recovery was 11.29% which was dropped to 10.36% in 2019-20 and 9.98% in current year. Besides start of early crushing seasons, the 2nd main reason was the sugarcane variety 234 which was contributing superbly in getting better sucrose recovery was needed to be phased out due to pest attack.

Deharki Sugar Mills (Pvt.) Limited being wholly owned subsidiary of the Company has achieved the following operating results in its 10th year of operations:

## Operating Results – Subsidiary Company

| | | 2020-21 | 2019-20 |
|---|---|---|---|
| Sugarcane Crushed | M. Tons | **1,270,152** | 1,220,644 |
| Sugar Production | M. Tons | **125,757** | 122,831 |
| Sucrose Recovery | %age | **9.90** | 10.06 |
| Molasses Production | M. Tons | **60,000** | 55,253 |
| Molasses Recovery | %age | **4.72** | 4.53 |

DSML's production trends are almost the same as has been achieved by the Parent Company and explained above.

# DIRECTORS' REPORT

## Overview of Financial Results:

An analysis of the key operating results of the Company is given below:

(Rs. in Million)

| | 30 Sep 2021 | 30 Sep 2020 |
|---|---|---|
| Gross Revenue | 64,908 | 60,754 |
| Revenue from Contracts with Customers | 56,800 | 52,458 |
| Profit from Operations | 6,699 | 5,972 |
| Profit before Tax | 4,447 | 2,421 |
| Profit after Tax | 4,878 | 1,399 |
| Earnings per Share | 81.61 | 23.40 |

- There has been 8% increase in the net turnover of the Company which is attributable to more sale of sugar stocks & favorable prices of sugar and molasses compared to last year. In view of better prices, the gross profit margin has also improved to 18% from 14%.
- The Company this year has earned Profit After Tax (PAT) amounting to Rs. 4,878 million as compared to PAT Rs. 1,399 million resultantly earnings per share of the Company have increased from Rs. 23.40 to Rs. 81.61 in the current year which is mainly attributable to reduction in the financial charges, better sugar & molasses prices, turnaround of the Corporate Farms and reversal of deferred tax liability for an amount of Rs. 1.36 billion due to income tax exemptions granted to the Co-Gen power projects & non utilization of carry forward tax credits. Consolidated PAT of JDW Group is Rs. 4.6 billion as compared to Rs. 1.6 billion last year. Previously for various reasons, the JDW Group's consolidated profitability never depicted its actual potential considering the number of production units it has under its umbrella i.e., four sugar units, two bagasse-based co-generation projects of 26.35 MW each and one sugarcane corporate farms having an area of approximately 25,000 acres of leased and owned agricultural land contributing up to approx. 10% towards cane procurement of the group.
- There has been 16% increase in the administrative expenses of the company over last year which was mainly due to annual increase in the salaries, wages and other benefits, higher legal & professional expense and depreciation. Selling expenses have decreased from Rs. 60 million to Rs. 38 million.
- Other income has substantially increased from Rs. 673 million to Rs. 2,211 million mainly because of increase in net fair value of sugarcane crop and other adjustments such as reversal of impairment loss in investment in FPML due to enhanced net realizable value (NRV) on account of increase in steel prices.
- Substantial increase in other expenses is a write off of Rs. 3.3 billion on account of receivables from CPPA-G for power supplied to national grid explained in detail in subsequent paragraphs.
- Finance cost of the Company has significantly decreased by Rs. 1,299 million i.e., 37% over last year as a result of reduction in the markup rates, timely sale of sugar stocks and reduction in overall debt of the Company.
- In view of the better performance, the financial covenants have also improved substantially. The company is fully compliant with all financial covenants agreed upon with the financial institutions from time to time and fulfilling (rather in few cases repaying earlier) it's all financial obligations on time and enjoys cordial relationship with all the financial institutions it's dealing with.
- In connection to the energy payments of the Company's two bagasse-based Co-Gen Power Projects of 26.35 MW each from Central Power Purchasing Agency ("CPPA-G") and revision in tariff components, after negotiations with the Committee notified by the Government of Pakistan during August 2020 and:

i) In compliance to the MOU signed with CPPA-G in August, 2020, we executed "Master Agreement" and "EPA Amendment Agreement" on 12 February 2021 with CPPA-G. As agreed in Master Agreement, the outstanding amount as on 30 November 2020 which in our case was Rs. 2,042 million will be paid in two tranches i.e., 40% of the amount which we have received on 04 June 2021 and balance 60% was received on 29 November 2021. Each instalment consisted of 1/3rd cash payment, 1/3rd by issuance of Sukuk Bonds of 5 years' tenor and 1/3rd by issuance of Pakistan Investment Bonds (PIBs) of 10 years' period. Further, the Company has, in the larger National Interest, voluntarily agreed to provide certain concessions in tariff components and also surrendered 70% of the fixed energy payment for energy dispatched above the annual 45% plant factor effective from Commercial Operation Dates. Resultantly, an amount of Rs. 3,326 million against fixed energy receivables has been written off in the current year's financial statements.

ii) The income tax exemptions for Bagasse Based Co-Generation Power Projects which were part of the policy framework for Power Co-Generation 2013 (Bagasse / Biomass) have also been notified by the FBR through Finance Act, 2021 which have been discussed in detail in subsequent paragraphs.

iii) The Fuel Cost Component of Bagasse Based Co-Gen Power Projects is still unaddressed and on recommendation of Committee for Negotiation with IPPs, Ministry of Energy (Power Division) has referred the case to National Electric Power Regulatory Authority (NEPRA) for rationalization of bagasse price on merit. We are taking up this matter with NEPRA and we hope that this critical issue will also be resolved shortly.

- The balance sheet size is also stable at Rs. 36 billion and accumulated reserves have increased from 15 times to 23 times of the paid-up capital of the Company.

## Other points of your interest are summarized below:

- Our contribution in the overall sugar production of the country was 17% in year 2017-18 which now has dropped to 12% in period under review and in current year 2021-22 it will further fall to around 11%. Credit goes to FBR for taking various measures since last three years to curb sales tax evasion in the industry.
- The minimum notified support prices of sugarcane for crushing season 2020-21 were revised to Rs. 200 per 40 kgs from Rs. 190 per 40 kgs in the Province of Punjab and Rs. 202 per 40 kgs from Rs. 192 per 40 kgs in the Province of Sindh whereas due to early start of crushing season notified by the Govt of Punjab i.e., on 10th November the sugarcane supply remained inconsistent throughout the season which resulted in price war for sugarcane resultantly our actual average sugarcane procurement cost was Rs. 256 per 40 kgs as compared to Rs. 214 per 40 kgs during last year which resulted in increasing the production cost. On Group basis in aggregate approx. Rs. 9.1 billion was paid extra to the growers over and above the support prices.
- As usual growers' payment has always remained our top priority being one of the main keys of our success. Even this year also growers' payments have been fully paid off for the crushing season 2020-21 despite stuck up of huge funds during the current year with Government of Sindh and CPPA-G on account of sugar export subsidy & sale of energy respectively. This was the 3rd consecutive crushing season in which all the growers of the Company were successfully paid through their bank accounts throughout the season and thereafter which was very well appreciated by the growers. Growers were extremely happy for getting higher sugarcane rates and timely payments through their bank accounts. Company is regularly providing financial assistance and technical support to its growers. Due to these policies and preferential treatment with growers, the Company enjoys excellent relationship with them.

# DIRECTORS' REPORT

- During the current year, Government of Pakistan also introduced following measures for Sugar Industry through Finance Act 2021:
    - Inclusion of sugar in third schedule of Sales Tax Act, 1990, through this amendment sales tax will be paid on retail price of sugar at manufacturing stage except where it is supplied as an industrial raw material to pharmaceutical, beverage and confectionary industries. This amendment in the Finance Act, 2021 has been proposed to be withdrawn through the Finance (Supplementary) Bill, 2021.
    - Government has reduced minimum tax liability u/s 113 from 1.50% to 1.25% of Net Sales.
    - In view of our negotiations with IPPs Committee referred above FBR has resolved long outstanding tax issues of bagasse-based Co-Generation projects having one or more boilers of not less than 60 bar (kg/CM3) pressure each commissioned after the first day of January 2013 by making following amendments in the Income Tax Ordinance to bring these projects at par with other IPPs:
        - Profits and gains generated from bagasse-based Co-Generation power projects have been exempted from payment of income tax;
        - Applicability of minimum tax u/s 113 on receipts from sale of electricity from bagasse-based Co-Generation power project have been exempted;
        - Exemption from withholding tax u/s 148 on import of plant and machinery for setting up a bagasse-based cogeneration power project;
        - Reduction in income tax rate on dividend to 7.5% from 15% declared by bagasse-based Co-Generation Power projects;
- After detailed annual review by the VIS Credit Rating Company Limited (VIS) on 27 July 2021 has reaffirmed entity ratings of the Company at 'A/A-2' (Single A/Single A-Two). The medium to long-term rating of 'A' denotes good credit quality coupled with adequate protection factors. Moreover, risk factors may vary with possible changes in the economy. The short-term rating of 'A-2' denotes good certainty of timely repayment, sound liquidity factors and good company's fundamentals. Outlook on the assigned ratings is "Stable".
- Faruki Pulp Mills Limited ("the subsidiary company") has been, for the considerable number of years, unable to commence its commercial operations and considering this fact management of the Company has principally decided not to inject further funds in the subsidiary company as significant capital expenditures are required. Moreover, keeping in view commercial viability of the plant as well as the substantial accumulated losses the management of the Subsidiary Company has determined that the company might not be able to realize its assets and discharge its liabilities in the normal course of business. During the last year, the FPML through a special resolution passed in its Extraordinary General Meeting "EOGM" held on 25 March 2020 resolved to dispose of its property, plant and equipment either in parts or in their entirety to prospective buyers after due process, but due to COVID-19 situation in the country this was not completed during the current year and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021. We intend to complete this process in the calendar year 2022.
- Sales tax evasion and undocumented sugar trade were two major challenges being faced by the sugar industry. These issues were the root causes of instability in the prices of sugarcane, sugar and hurdle in planning by the Government for availability of sugar in the country. Both these issues come under the purview of FBR. FBR from time to time has taken various measures to address these issues but was not able to proceed successfully for various reasons. On 11 November

# DIRECTORS' REPORT

2021, FBR has issued Sales Tax General Order No. 05 of 2021-22 with subject of Implementation of Track & Trace System. As per order, no sugar bags shall be allowed to be removed from production site or factory without affixation of Tax Stamps / Unique Identification Marking (UTMs) with effect from 11 November 2021, which are to be obtained / procured from FBR Licensed vendor only. FBR has achieved marvellous success in the implementation of Track & Trace System and results are quite satisfactory. We congratulate FBR on achieving this milestone which will result in giving level playing fields to fully compliant sugar mills and substantial increase in the revenue of FBR. Now FBR should also find out practical ways out to document the sugar trade which is another uphill task.

## Relationship with Growers

The Company enjoys cordial relationship with the farmers' community as it considers the growers to be its backbone. To maintain and further strengthen the relationship, the Company as a matter of principle gives priority and endeavours to;

- Consistently follow the policy of timely payments of sugarcane to growers.
- Fulfill farmers' financial requirements by providing them financial assistance from own sources & by arranging loans for them from banks. During period under review, huge amount of Agri loans were advanced to growers in the form of cash, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.
- Procure and provide latest agricultural equipment on subsidized rates to growers on easy installment basis.
- Enhance technical skills through various extension and advisory programs.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

## Future Outlook

- Crushing season 2021-22 was started on 15 November 2021 in our units in Punjab and on 21 November 2021 in our units in Sindh and on Group basis up to 4th January, 2022 sugar produced was 308,539 tons with average sucrose recovery of 9.36%. (Comparatively in 2020-21 as reported in the last balance sheet: Crushing season was started on 10th November, 2020 and on group basis up to 1st January, 2021 sugar produced by the Company was 253,933 tons with average sucrose recovery of 9.19%.)
- During last couple of months, State Bank of Pakistan (SBP) has increased base rate by 275 bps which has jacked up the mark up rates which will result in increasing the financial cost of the Company. Any further increase in mark-up rates may adversely affect the profitability of the Company.
- In view of substantial increase in sugarcane prices and other input costs, the working capital requirements of the Company has also increased but financial institutions are very cautious and reluctant to take additional exposures on sugar industry because of inquiries conducted by various Government Departments during last couple of years. The Company needs to increase its working capital lines for which requests have been made to the financial institutions we are dealing with. We are hopeful to convince our banks for taking further exposures and meet our target.
- The crop size for ongoing crushing season is estimated to be approx. 10% higher than last year and we are expecting no more decline in sucrose recoveries as witnessed during last two years so the sugar production this year will also be higher. In view of all this, it is expected that sugarcane prices would play a vital role in the determination of sugar prices. Even for 2021-22 crushing there is a price war going on and sugarcane prices are skyrocketing and becoming uncontrollable. Again, the main reason for this crisis is early start of crushing season i.e., 15th November, 2021 notified by the Government of Punjab. The best time to start crushing is end November which can result in an additional sugar production of around 300,000 tons as well as better control over sugarcane prices.
- For ongoing crushing season 2021-22, notified support prices of sugarcane have been revised to Rs. 225 from Rs. 200 per 40 kgs in Punjab and to Rs. 250 from Rs. 202 per 40 kgs in the Province of Sindh. Sugar mills in Sindh challenged the support price notification which has been suspended by the Sindh High Court on legal grounds. Even after this substantial increase in support prices of sugarcane by

the Provincial Governments, the industry is procuring sugarcane at much higher prices which range between Rs. 260 to Rs. 325 per 40 kgs as growers are not willing to supply sugarcane at notified support prices. This will result in increasing the production cost of the sugar, consequently sugar prices in the market will remain on the higher side contrary to what Federal & Provincial Governments desire. Government needs to take appropriate measures to ensure availability of sugarcane to sugar mills at support prices.

- Further, there has been no improvement in the case of amount due from TDAP on account of Inland Freight Subsidy of Rs. 306 million for JDWSML and DSML which is still awaited. Company has completed all its formalities relating to documentation and in certain cases instructions to banks were also issued by TDAP to release payments but as of today not a single penny has been received. On overall industry basis an amount of Rs. 2.6 billion is stuck up since last more than eight (08) years.
- On group basis an amount of Rs. 405 million is also due from the Government of Sindh on account of subsidy for sugar exports made in the year 2017-18. Sugar Mills in Sindh province has filed a petition in Sindh High Court for recovery of this amount from the Sindh Government. Approx. Rs. 3 billion of all sugar mills in Sindh is stuck up causing liquidity issues for the mills. Federal Government and Government of Punjab have already released their share of export subsidies almost three years ago.

Financial year 2021-2022 seems to be more challenging where growers are not willing to supply sugarcane at prices less than Rs. 300 per 40 kgs as against the support prices of Rs. 225 & Rs. 250 per 40 kgs and Government wants the sugar industry to sell sugar at lower prices which may again put the industry in crisis like situation. Government in Punjab always takes coercive measures to suppress the sugar prices as against the market forces. With the grace of God, we are maintaining continued good performance. JDW Group which was previously highly leveraged has managed its debt very effectively and efficiently during last couple of years. We will focus more on further reduction of debt to reduce the financial charges. We, however, will continue to borrow short term loans as per our requirements to meet working capital needs. We would also like to focus more on sugarcane development in the vicinity of all our mills by introducing new varieties & working more on pest controls.

## Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG) as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework;

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts about the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;
- A statement regarding key financial data for the last six years is annexed to this report;
- Information about taxes and levies is given in the notes to the financial statements.
- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.

GENERATOR PROTECTION PANEL
1x26MW
GENERATOR METERING PANEL
EXIT

- During the year, 7 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated. Attendance was as under:

| Sr. No. | Name of Directors | Designation | Meetings Attended |
|---|---|---|---|
| 1 | Mr. Jahangir Khan Tareen | Executive Director | 5 |
| 2 | Mukhdoom Syed Ahmad Mahmud | Chairman / Non-Executive Director | 7 |
| 3 | Mr. Raheal Masud | CEO / Executive Director | 7 |
| 4 | Mrs. Sameera Mahmud | Female / Non-Executive Director | 7 |
| 5 | Mr. Ijaz Ahmed | Non-Executive Director | 7 |
| 6 | Mr. Asim Nisar Bajwa | Independent Director | 7 |
| 7 | Mr. Qasim Hussain Safdar | Independent Director (Retired) | 7 |

Subsequent to the year end, an election of the directors was held on 01 November 2021, Mr. Qasim Hussain Safdar has retired and Mr. Zafar Iqbal has replaced him as an Independent Director whereas Mr. Raheal Masud has been re-appointed as Chief Executive Officer for the next term of three years.

# Audit Committee

The Board has constituted an Audit Committee consisting of three Non-Executive Directors and including an independent Director as its Chairman of the Committee. The Committee regularly meets as per requirement of the CCG. The Committee assists the Board in reviewing internal audit manual and internal audit system.

# Human Resource & Remuneration Committee

The Board has constituted a Human Resource & Remuneration Committee in compliance with the CCG.

# Nomination Committee

The Board has constituted a Nomination Committee in compliance with the CCG.

# Risk Management Committee

The Board has constituted a Risk Management Committee in compliance with CCG.

For composition of all above committees, please refer to statement of compliance.

# Directors' Remuneration

The Company has formal policy and transparent procedure for determining the remuneration of Executive Directors, Non-Executive and Independent Directors. Executive & Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully while Independent Directors are entitled for the fee for attending the meetings. For information on remuneration of Directors and CEO, please refer relevant note to the financial statements. Further, Remuneration packages of Directors and Chief Executive are given below:

(Rs. in million)

| Name of Directors | Designations | Remuneration Package | |
|---|---|---|---|
| | | 2020-21 | 2019-20 |
| Mr. Jahangir Khan Tareen | Director / Chief Executive | 400 | 405 |
| Mukhdoom Syed Ahmad Mahmud | Director / Chairman | 229 | 156 |
| Mr. Ijaz Ahmed | Director | 10 | 10 |
| Mr. Raheal Masud | Director | 6 | 2 |

# DIRECTORS' REPORT

## Directors' Training Program

All Directors are either exempted or have attended the training in prior years.

## Composition of Board

The total number of directors are 7 as per the following:

a) Male: 06

b) Female: 01

The composition of the Board is as under:

| Sr. No. | Category | Names |
|---|---|---|
| (i) | Independent Directors | Mr. Asim Nisar Bajwa<br>Mr. Zafar Iqbal |
| (ii) | Executive Directors | Mr. Jahangir Khan Tareen<br>Mr. Raheal Masud |
| (iii) | Non-Executive Directors | Mukhdoom Syed Ahmad Mahmud<br>Mr. Ijaz Ahmed |
| (iv) | Female Director (Non-Executive) | Mrs. Samira Mahmud |

## Subsequent Events / Material Changes

On 08 December 2021, the Company applied to the Securities & Exchange Commission of Pakistan ('SECP') for Group Taxation under Regulation 8 of the Group Companies Registration Regulation 2008, which was approved by SECP on 27th December, 2021 by issuing the designation letter to the Company for Group Taxation for the Group which comprises of the Company and its wholly owned subsidiary, Deharki Sugar Mills (Pvt.) Limited. In this regard necessary application has also been filed with FBR prior to 31st December, 2021. A combined Income Tax Return of JDW Sugar Mills Limited and Deharki Sugar Mills (Pvt.) Limited would be filed for accounting year 2021-22 and onwards with the FBR to avail tax benefits of Group Taxation under section 59AA of the Income Tax Ordinance, 2001.

## Adequacy of Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

## Dividend

The Board of Directors of the Company has recommended a final cash dividend @ Rs. 10/- Per Share for the year ended 30 September 2021 out of the profits of the sugar division because company has suffered losses in the power division in view of a major write off booked as explained earlier. If you look at the track record of dividend payouts of the Company, you will find that except for four years, the Company has been making regular payments of dividends since year 2000-01.

## Pattern of Shareholding

There were 1,172 shareholders of the Company as of 30 September 2021 (2019-20: 1,202) A statement of pattern of shareholding is enclosed in this report.

Statement of transaction in shares of the Company by the Directors, CEO, CFO and Company Secretary and their spouses and minor children during the year is enclosed in this report.

## Environmental Policy

The Company has a comprehensive policy that is in strict compliance with relevant environmental protocols. .

## Principal Risks

Following are the potential risks which the Company may face;

- Higher Sugarcane Prices & other input costs
- Foreign Currency Fluctuations
- Delay in Payments of Subsidies & Government Dues
- Increase in Mark-up Rates
- Coercive Measures by the Provincial Governments

## Value of Provident Fund & Gratuity Fund Investments

The Company operates a Recognized Provident Fund Scheme covering its eligible permanent employees. Equal monthly contributions to the fund are made both by the Company and its employees in accordance with Fund's Rules. As per audited financial statements of the Employees Provident Fund, the value of its investments as on 30 June 2021 is aggregating to Rs. 760 million (2020: Rs. 668 million).

The Company also operates an Approved Funded Gratuity Fund Scheme covering all its eligible permanent employees in accordance with Gratuity Fund Rules. The value of its investments as on 30 June 2021 is aggregating to Rs.192 million (2020: Rs. 87 million).

## National Exchequer

The Company has contributed a sum of Rs. 9,157 million (2020: Rs. 8,750 million) approximately to the national exchequer in the form of taxes & duties during the year under review.

## Corporate Social Responsibility Activities

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 16 to 18 during the period under review.

## Auditors

The present auditors M/s. Riaz Ahmad, Saqib, Gohar & Co., Chartered Accountants retire and being eligible, offer themselves for appointment for the Audit of the year ending 30 September 2022.

## Acknowledgement

The Directors would like to express their appreciation for the dedication, hard work of the workers, staff and members of the management team for achieving better financial results in the current year. Growers are the key element of our industry and we thank them for their continued support and co-operation. The Directors of the Company are also thankful to the financial institutions for their financial assistance and co-operation they have extended in providing finances especially during last couple of years when it was going through difficult times of various inquiries conducted by various Government Departments.

**Chief Executive** **Director**

05 January 2022
Lahore

## منافع کی ادائیگی

کمپنی کے بورڈ آف ڈائریکٹرز نے سال مختتمہ 30 ستمبر 2021 کیلئے صرف شوگر ڈویژن کے منافع میں 10 روپے فی شیئر کے حساب سے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے، کیونکہ کمپنی کو پاور ڈویژن میں نقصانات کا سامنا کرنا پڑا جس کی وجوہات کا پہلے ذکر کیا گیا ہے۔ اگر آپ کمپنی کے ڈیویڈنڈ ادائیگی کے ریکارڈ پر نظر دوڑائیں تو آپ کو اندازہوگا کہ کمپنی 2000-01 سے ماسوائے چار سالوں کے باقاعدگی سے ڈیویڈنڈ کی ادائیگیاں یقینی بنا رہی ہے۔

## پیٹرن آف شیئر ہولڈنگ

30 ستمبر 2021 میں 1,172 (2020: 1,202) حصہ داران موجود تھے۔ جن کی علیحدہ سے تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹر CEO، CFO اور کمپنی سیکرٹری اور اُن کی بیویاں، نابالغ بچوں کے حصص کی تفصیل رپورٹ کے ساتھ منسلک ہے۔

## ماحولیاتی پالیسی

ماحولیات کے حوالے سے کمپنی کی ایک جامع پالیسی ہے جو اس بات کو یقینی بناتی ہے کہ صنعت سے متعلقہ ماحولیاتی اصول وضوابط پر مکمل کاربند رہا جائے۔

## بنیادی خدشات

کمپنی کو درج ذیل بنیادی خدشات کا سامنا ہے:

- گنے کی بڑھتی قیمتیں اور دیگر لاگتی اخراجات
- غیر ملکی کرنسی کا اتار چڑھاؤ
- مراعات اور سرکاری واجبات کی ادائیگی میں تاخیر
- شرح سود میں اضافہ
- صوبائی حکومتوں کی جانب سے سخت اقدامات

## پراویڈنٹ فنڈ اور گریجوٹی فنڈ کی سرمایہ کاری کی اہمیت

کمپنی اپنے اہل اور مستقل ملازمین کے لیے ایک تسلیم شدہ پراویڈنٹ فنڈ سکیم چلا رہی ہے۔ پراویڈنٹ فنڈ کے تحت آجر اور اجیر برابری کی بنیاد پر ماہانہ سرمایہ کاری کرتے ہیں۔ پراویڈنٹ فنڈ کے قواعد اور آڈٹ رپورٹ کے مطابق سرمایہ کاری کی قدر 30 جون 2021 میں 760 ملین روپے ہے۔ جبکہ سال 2020 میں یہ رقم 668 ملین تھی۔

اس کے علاوہ کمپنی ایک گریجوٹی فنڈ سکیم چلا رہی ہے جس میں اس کے اہل اور مستقل ملازمین شامل ہیں۔ اسکی سرمایہ کاری کا حجم رواں سال 30 جون 2021 تک 192 ملین روپے تھا، جبکہ 2020 میں یہ حجم 87 ملین روپے تھا۔

## نیشنل ایکس چیکر

کمپنی نے رواں سال میں ٹیکسز اور ڈیوٹی کی مد میں 9,157 ملین روپے جمع کروائے جبکہ پچھلے سال یہ رقم 8,750 ملین روپے تھی۔

## ادارتی سماجی ذمہ داری

کمپنی نے اپنی رواں سال کی سماجی ذمہ داریوں کا تذکرہ صفحہ نمبر 16 تا 18 صفحات نمبر میں کیا ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض احمد، ثاقب، گوہر اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ نے مورخہ 30 ستمبر 2022ء کے اختتام کیلئے اپنی خدمات کی دوبارہ پیشکش کی ہے۔

## اظہار تشکر

بورڈ آف ڈائریکٹرا اپنے تمام ورکر اور انتظامی سٹاف کی لگن اور انتھک محنت کا اعتراف کرتے ہیں۔ اور شکریہ ادا کرتے ہیں۔ کاشتکار ہماری انڈسٹری کا اہم عنصر ہیں اُن کی لگاتار تعاون کے شکرگذار ہیں اس کے علاوہ تمام مالیاتی ادارے، بنک، لیزنگ کمپنیوں کی مالی معاونت فراہم کرنے پر شکریہ ادا کرتے ہیں۔

| | | |
|---|---|---|
| ۵ جنوری ۲۰۲۲ | چیف ایگزیکٹو | ڈائریکٹر |
| لاہور | | |

# ڈائریکٹرز رپورٹ

- بین الاقوامی مالیاتی جائزوں کے معیار جیسا کہ پاکستان میں قابل اطلاق ہیں کو مالیاتی گوشواروں کی تیاری کے لیے لاگو کیا گیا ہے اور ان سے کسی قسم کے انحراف کو مناسب طور پر افشا اور اس کی وضاحت کی گئی ہے۔ کمپنی ایکٹ 2017 کی تمام شرائط وضوابط کو مدِنظر رکھا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابل بھروسہ ہے اور مؤثر طور پر نافذ العمل اور زیر نگرانی ہے۔
- کمپنی کے آگے بڑھتے رہنے کی اہلیت میں کوئی خاطر خواہ شک وشبہ نہیں ہے۔
- کارپوریٹ گورننس کے طے کردہ ریگولیشنز سے کوئی انحراف نہیں کیا گیا۔
- کمپنی کی صلاحیت کے بارے میں اس حوالے سے کوئی شبہ نہیں کہ یہ چلتا ہوا کاروباری ادارہ ہے۔
- گزشتہ چھ (06) سالوں کے لیے بنیادی آپریٹنگ اور مالیاتی تفصیل لف ہیں۔
- ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے بارے میں کسی بھی تاخیر کی ادائیگی یا ادائیگی سے گریز کا کوئی امکان نہیں ہے۔
- سال رواں کے دوران 07 بورڈ میٹنگز ہوئیں۔ جن کی تفصیلات اور حاضری کو مناسب طریقے میں مشتہر کیا جن کی حاضری کی تفصیل درج ذیل ہے۔

| نمبرشمار | نام | عہدہ | تعداد میٹنگز |
|---|---|---|---|
| 1 | جناب جہانگیر خان ترین | ایگزیکٹو ڈائریکٹر | 5 |
| 2 | جناب مخدوم سید احمد محمود | چیئرمین / نان ایگزیکٹو ڈائریکٹر | 7 |
| 3 | محترمہ سمیرا محمود | خاتون۔ نان ایگزیکٹو ڈائریکٹر | 7 |
| 4 | جناب اعجاز احمد | نان ایگزیکٹو ڈائریکٹر | 7 |
| 5 | جناب راحیل مسعود | سی ای او / ایگزیکٹو ڈائریکٹر | 7 |
| 6 | جناب عاصم نثار باجوہ | خودمختار ڈائریکٹر | 7 |
| 7 | جناب قاسم حسین صفدر | خودمختار ڈائریکٹر (ریٹائرڈ) | 7 |

01 نومبر 2021 کو جناب راحیل مسعود کو کمپنی کا چیف ایگزیکٹو آفیسر تعینات کر دیا گیا جبکہ جہانگیر خان ترین بطور ڈائریکٹر رہیں گے اور جناب ظفر اقبال کو قاسم حسین صفدر کی جگہ تعینات کیا گیا۔

## آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کمیٹی چیئرمین سمیت تین ممبران پر مشتمل ہے۔ کمیٹی کوڈ کے تقاضوں کے مطابق باقاعدگی سے ملاقات کرتی ہے۔ آڈٹ کمیٹی انٹرنل آڈٹ مینوئل اور انٹرنل آڈٹ سسٹم کا جائزہ لینے میں بورڈ کی معاونت کرتی ہے۔

## انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔

## نامزدگی کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں نامزدگی کمیٹی تشکیل دی ہے۔

## رسک مینجمنٹ کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں رسک مینجمنٹ کمیٹی تشکیل دی ہے۔

## ڈائریکٹرز کے معاوضہ جات

بورڈ ممبران کے معاوضہ جات کو بورڈ کے ذریعے منظور کیا جاتا ہے تاہم کارپوریٹ گورننس 2019 کے ضابطہ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا تعین نہیں کر سکتا اور نہ ہی اس عمل میں حصہ لیتا ہے۔ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ اس لئے دیا جاتا ہے کہ وہ کمپنی کو کامیابی سے چلانے والے ڈائریکٹرز کو کمپنی میں تادیر رکھ سکیں۔ تاہم کسی معاوضے کی حد ایسی نہیں ہے جو بظاہر کسی ڈائریکٹر کی خودمختاری کو متاثر کر سکے۔ کسی بھی ڈائریکٹر کو میٹنگ کی مد میں کسی قسم کے واجبات ادا نہیں کئے جاتے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضہ جات کی معلومات کیلئے مالیاتی گوشواروں کے متعلقہ حصہ جات سے استفادہ کیا جا سکتا ہے۔

(ملین روپے)

| نام | عہدہ | 2020-21 | 2019-20 |
|---|---|---|---|
| جناب جہانگیر خان ترین | ڈائریکٹر / سی ای او | 400 | 405 |
| جناب مخدوم سید احمد محمود | چیئرمین / ڈائریکٹر | 229 | 156 |
| جناب اعجاز احمد | ڈائریکٹر | 10 | 10 |
| جناب راحیل مسعود | ڈائریکٹر | 6 | 2 |

## ڈائریکٹرز کے تربیتی پروگرام

کمپنی نے اپنے ڈائریکٹرز کیلئے پچھلے کئی سالوں میں تربیتی پروگرام منعقد کیے۔

## بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹران کی کل تعداد 7 ہے جن کی تفصیل مندرجہ ذیل ہے:

| | | |
|---|---|---|
| ا) | مرد | 6 |
| ب) | خاتون | 1 |

بورڈ کی تشکیل مندرجہ ذیل ہے:

| کیٹگری | نام |
|---|---|
| خودمختار ڈائریکٹرز | جناب عاصم نثار باجوہ<br>جناب ظفر اقبال |
| ایگزیکٹو ڈائریکٹرز | جناب جہانگیر خان ترین<br>جناب راحیل مسعود |
| نان ایگزیکٹو ڈائریکٹرز | جناب مخدوم سید احمد محمود<br>جناب اعجاز احمد |
| خاتون۔ نان ایگزیکٹو ڈائریکٹر | محترمہ سمیرا محمود |

## دیگر واقعات/نمایاں تبدیلی

08 دسمبر 2021 کو کمپنی نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) میں کمپنیز رجسٹریشن ریگولیشن 2008 کے ریگولیشن 8 کے تحت گروپ ٹیکسیشن کیلئے اپلائی کیا۔ ایس ای سی پی کی جانب سے 27 دسمبر 2021 کو کمپنی کو گروپ ٹیکسیشن، جو کہ کمپنی اور اسکے مکمل ملکیتی ادارہ، ڈہرکی شوگر ملز (پرائیویٹ) لمیٹڈ پر مشتمل ہے، کیلئے منظوری کا لیٹر جاری کیا۔ سال 22-2021 سے جے ڈبلیو ڈی شوگر ملز لمیٹڈ اور ڈہرکی شوگر ملز (پرائیویٹ) لمیٹڈ کی جانب سے مشترکہ ٹیکس ریٹرن ایف بی آر کو جمع کروائی جائے گی تاکہ انکم ٹیکس آرڈیننس، 2001 کے سیکشن 59AA کے تحت گروپ ٹیکسیشن کے فوائد سے استفادہ کیا جا سکے۔

## داخلی مالیاتی کنٹرول

کمپنی کے داخلی مالیاتی کنٹرول کے حوالے سے ڈائریکٹران اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ وہ مینجمنٹ اور آڈیٹرز (اندرونی اور بیرونی) کے ساتھ باہمی بات چیت سے اس بات کو یقینی بناتے ہیں کہ کمپنی کی جانب سے مناسب کنٹرول لاگو کئے گئے ہیں۔

- سیلز ٹیکس کی چوری اور غیر دستاویزی چینی کی تجارت شوگر انڈسٹری کے دو بڑے چیلنج ہیں۔ یہ دونوں امور گنے اور چینی کی قیمتوں میں عدم استحکام اور ملک بھر میں چینی کی بلاتعطل ترسیل میں رکاوٹ کی بنیادی وجوہات ہیں۔ یہ دونوں بڑے مسائل ایف بی آر کے دائرہ کار میں آتے ہیں۔ایف بی آر نے وقتاً فوقتاً ان مسائل کو دور کرنے کے لئے مختلف اقدامات کیے لیکن وہ کامیاب نہیں ہوسکے۔ 11 نومبر 2021 کو ایف بی آر نے ٹریک اینڈ ٹریس سسٹم کے نفاذ کیلئے سیلز ٹیکس جنرل آرڈر برائے 22-2021 جاری کیا۔جس کے مطابق 11 نومبر 2021 سے کوئی بھی چینی کی بوری پروڈکشن سائٹ یا فیکٹری سے اس وقت تک باہر نہیں جائے گی جب تک اس پر ٹیکس سٹیمپ/ یونیک آئیڈنٹی فکیشن مارکنگ (UTMs) موجود نہیں ہوگی جو کہ صرف ایف بی آر کے لائسنس یافتہ وینڈر سے حاصل کیا جاسکتا ہے۔ایف بی آر نے ٹریک اینڈ ٹریس سسٹم میں نمایاں کامیابی حاصل کی ہے اور اس کے نتائج انتہائی شاندار ہیں۔ہم اس سنگ میل کو عبور کرنے پر ایف بی آر کو مبارکباد پیش کرتے ہیں کیونکہ اس کی بدولت نا صرف تمام شوگر ملوں کو مساوی مواقع دستیاب آئیں گے بلکہ ایف بی آر کی آمدن میں بھی خاطر خواہ اضافہ ہوگا۔اب ایف بی آر کو چینی کی دستاویزی تجارت کیلئے عملی طریقہ کار تلاش کرنا ہوں گے۔

## کاشتکاروں کے ساتھ تعلقات

- کمپنی کاشتکاروں کے ساتھ خوشگوار تعلقات قائم رکھتی ہے اور کسانوں کو اپنی ریڑھ کی ہڈی تصور کرتی ہے۔ان تعلقات کو مزید مضبوط کرنے کے لیئے مندرجہ ذیل ترجیحات اختیار کی گئیں۔
- متواتر طور پر گنے کی خرید کی بروقت ادائیگی کی پالیسی پر قائم رہنا۔
- کسانوں کی مالی ضروریات پورا کرنے کے لیئے کمپنی کی طرف سے زرعی قرض کی مد میں نقد رقم، بیج، ٹربائن، کھاد اور کرم کش ادویات مہیا کرنے کے علاوہ قومی و دیہی حمایتی پروگرام شامل ہوتے ہیں۔زیر جائزہ مدت کے دوران، زرعی قرضوں کی بھاری رقم کاشتکاروں کو نقد، بیج، زرعی آلات، ٹربائنز اور ٹیوب ویلوں، کھادوں اور کیڑے مار ادویات کی شکل میں پیش کی گئیں۔
- تکنیکی مہارت میں بڑھوتری کے لیئے مختلف مشاورتی پروگرام ہیں
- نیز کوالٹی اور بہتر پیداواری صلاحیت سے فی ایکڑ پیداوار میں اضافہ شامل ہے۔

## مستقبل کا منظر نامہ

- پنجاب میں ہمارے یونٹس پر کرشنگ سیزن 22-2021 کا آغاز 15 نومبر 2021 اور سندھ میں 21 نومبر 2021 کو کیا گیا تھا اور گروپ کی بنیاد پر 04 جنوری 2021 تک کمپنی کی تیار کردہ چینی 308,539 ٹن تھی جس کی اوسط سکروز ریکوری 9.36 فیصد تھی (21-2020 میں کرشنگ سیزن کا آغاز 10 نومبر 2020 کو ہوا تھا اور یکم جنوری 2021 تک گروپ کی بنیاد پر کمپنی نے 253,933 ٹن چینی تیار کی جبکہ سکروز ریکوری 9.19 فیصد تھی)۔
- گزشتہ چند ماہ کے دوران ایس بی پی نے بیس ریٹ میں 275bps تک اضافہ کیا ہے جس کی وجہ سے کمپنی کی مالی لاگت میں بھی اضافہ ہوگا۔شرح سود میں مزید اضافہ کمپنی کے منافع کو خطرناک حد تک متاثر کرے گا۔
- گنے کی قیمتوں اور دیگر لاگتوں میں خاطر خواہ اضافہ کو مدنظر رکھتے ہوئے کمپنی کی ورکنگ کیپٹل کی ضروریات بھی بڑھ چکی ہیں مگر مالیاتی ادارے مختلف حکومتی اداروں کی جانب سے کی گئی انکوائریوں کی وجہ سے کوئی بھی اضافی اقدام اٹھانے میں تذبذب کا شکار اور محتاط ہیں۔کمپنی اپنا ورکنگ کیپٹل بڑھانے کیلئے کوشاں ہے جس کیلئے متعلقہ مالیاتی اداروں سے درخواست کی گئی ہے
- موجودہ کرشنگ سیزن کے دوران گزشتہ سال کی نسبت 10 فیصد زیادہ پیداوار متوقع ہے جبکہ ہم اس سال گزشتہ مدت کے مقابلہ میں بہتر سکروز ریکوری کیلئے بھی پر اُمید ہیں جو کہ چینی کی زیادہ پیداوار پر منتج ہوگی۔ان حالات کو دیکھتے ہوئے یہ توقع ہے کہ چینی کی قیمت کے تعین میں گنے کی قیمت مرکزی کردار ادا کرے گی اور 22-2021 کی کرشنگ کے دوران گنے اور کین کی قیمتوں میں مقابلہ کی فضا رہے گی اور ان کی قیمتیں قابو سے باہر اور آسمان کو چھوتی رہیں گی۔اس بحران کی مرکزی وجہ حکومت پنجاب کی جانب سے کرشنگ سیزن کا جلد آغاز (15 نومبر 2021) تھا۔کرشنگ سیزن کے آغاز کا موزوں وقت نومبر کے اختتامی ایام ہیں جو کہ تقریباً 300,000 ٹن چینی کی پیداوار کے ساتھ ساتھ گنے کی قیمتوں پر قابو پانے میں معاون ثابت ہوسکتا ہے۔
- کرشنگ سیزن 22-2021 کے لئے، گنے کی مطلع شدہ قیمت پنجاب میں 200 روپے فی 40 کلوگرام سے بڑھ کر 225 روپے فی 40 کلوگرام اور صوبہ سندھ میں 202 روپے فی 40 کلوگرام سے بڑھ کر 250 روپے فی کلوگرام تک پہنچ گئی۔سندھ میں شوگر ملز نے سپورٹ پرائس کے نوٹیفیکیشن کو چیلنج کیا جسے سندھ ہائیکورٹ کی جانب سے قانونی وجوہات کی بنیاد پر منسوخ کر دیا گیا۔صوبائی حکومتوں کی جانب سے گنے کی سپورٹ قیمتوں میں نمایاں اضافہ کے باوجود انڈسٹری زیادہ قیمت (260 روپے سے 325 روپے فی 40 کلوگرام) پر گنا حاصل کر رہی ہے کیونکہ کاشتکار مطلع شدہ سپورٹ قیمتوں پر گنا سپلائی کرنے کے خواہشمند ہیں۔اس کے نتیجہ میں چینی کی پیداواری لاگت اور مارکیٹ میں اس کی قیمت میں اضافہ ہوگا جو کہ وفاقی حکومت کی خواہش کے برخلاف ہے۔حکومت کو گنے کی شوگر ملز کو سپورٹ پرائسز پر دستیابی یقینی بنانے کیلئے اقدامات عمل میں لانا ہوں گے۔
- Inland Freight Subsidy کی مد میں TDAP, JDW کے شوگر ملز اور ڈہرکی شوگر ملز کو واجب الادا 306 ملین روپے کی سبسڈی میں تا حال کوئی پیش رفت نہیں ہوئی۔کمپنی نے اس ضمن میں تمام کاغذی کارروائی مکمل کر رکھی ہے، کچھ مواقع پر TDAP نے بینکوں کو رقم کی ادائیگی کے احکامات بھی دیئے لیکن تا حال کوئی بھی ادائیگی وصول نہیں ہوئی۔صنعتی سطح پر مجموعی طور پر 2.6 ارب روپے کی رقم گزشتہ آٹھ سال سے واجب الادا ہے۔
- سال 18-2017 کے دوران چینی کی برآمد کی مد میں حکومت سندھ کی طرف 405 ملین روپے کی سبسڈی تا حال واجب الادا ہے۔صوبہ سندھ میں موجود شوگر ملوں نے اس رقم کی وصولی کیلئے سندھ ہائیکورٹ میں ایک پٹیشن دائر کی ہے۔تمام شوگر ملوں کے تقریباً 3 بلین روپے واجب الادا ہیں جس کی وجہ سے ملوں کو لیکویڈیٹی مسائل کا سامنا ہے۔ وفاقی حکومت اور حکومت پنجاب برآمدی سبسڈی میں اپنا حصہ تین سال پہلے ہی جاری کر چکی ہے۔
- مالی سال 22-2021 مزید کٹھن دکھائی دیتا ہے کیونکہ کاشتکار فی من گنا 300 سے کم پر بیچنے کو تیار نہیں جبکہ حکومت کی مقرر کردہ قیمت تقریباً 225 روپے اور 250 روپے فی من ہے اور حکومت انڈسٹری سے اس بات کی متقاضی ہے کہ چینی کو کم قیمت پر بیچا جائے جو اس صنعت کو دوبارہ بحران جیسی صورتحال میں ڈال سکتی ہے۔حکومت پنجاب مارکیٹ میں قیمتیں لاگو کروانے کیلئے ہمیشہ سخت اقدامات کرتی ہے۔ہم اپنی بہتر کارکردگی کو برقرار رکھے ہوئے ہیں مالیاتی اخراجات کو کم کرنے کیلئے قرضوں میں کمی لانے پر توجہ مرکوز کئے ہوئے ہیں۔اس کے ساتھ ساتھ ہم نئی اقسام متعارف کروا کر اور کیڑوں پر قابو پا کر اپنی تمام ملز کے گردونواح میں گنے کی پیداوار میں اضافہ یقینی بنانے کی کوشش کریں گے۔

## ادارتی اور مالیاتی جائزے کا نظام

کمپنی کا کارپوریٹ اور مالیاتی جائزے کا نظام مطلوبہ معیار کے مطابق ہے جیسا کہ سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ گورننس کے کوڈ میں درج ہے اور ہم اس کی تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے شفاف طریقے سے معاملات میں اس کی حیثیت، اس کے طریقہ کار کے نتائج، پیسے کا بہاؤ اور حصص کی مالیت میں تبدیلی کو ظاہر کرتے ہیں۔
- کمپنی کی جانب سے اکاؤنٹس کی باقاعدہ بکس تیار کی جاتی ہیں۔
- موزوں اکاؤنٹنگ پالیسیوں کو مالیاتی گوشواروں کی تیاری میں مستقل بنیادوں پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں۔

- توانائی کی ادائیگیوں میں کمپنی کے سنٹرل پاور پرچیزنگ ایجنسی (CPPA) سے آنے والے 26.35MW کے دو بیگاس بیسڈ Co-Gen پاور منصوبوں اور ٹیرف میں نظر ثانی کے سلسلہ میں اگست 2020 میں حکومت پاکستان کی نامزد کردہ کمیٹی سے مذاکرات کے بعد اور:

i۔ ہم نے 12 فروری 2021 کو CPPA-G کے ساتھ "ماسٹر ایگریمنٹ" اور "EPA امینڈمنٹ ایگریمنٹ" کیا۔ ماسٹر ایگریمنٹ کے مطابق 30 نومبر 2020 تک قابل ادائیگی رقم جو کہ ہمارے معاملہ میں 2,042 ملین روپے ہے، دو ٹرانچز میں ادا کی جائے گی۔ جس کے تناظر میں ہم نے 40 فیصد رقم 04 جون 2021 اور بقیہ 60 فیصد رقم 29 نومبر 2021 کو وصول کی۔ ہر قسط ایک تہائی نقد ادائیگی، ایک تہائی 5 سال کیلئے سکوک بانڈز کے اجراء اور ایک تہائی 10 سال کی مدت کیلئے پاکستان انویسٹمنٹ بورڈز (PIBs) کے اجراء پر مشتمل تھی۔ اس کے علاوہ کمپنی وسیع تر ملکی مفاد کیلئے ٹیرف میں سبسڈی دینے پر رضا کارانہ طور پر رضامند ہوئی۔ اسکے ساتھ ساتھ کمرشل سرگرمیوں کے آغاز کی تاریخ سے انرجی کیلئے نافذ العمل مقررہ انرجی ادائیگیوں کا 70 فیصد 45 فیصد سالانہ پلانٹ فیکٹر سے زائد جاری کیا گیا۔ نتیجتاً موجودہ سال کی مالی اسٹیٹمنٹ میں 3,326 ملین روپے کی رقم مقررہ انرجی وصولیوں کی مد میں خارج کیا گیا ہے۔

ii۔ بیگاس بیسڈ Co-Generation پاور پراجیکٹس کیلئے انکم ٹیکس کا استثنیٰ جو کہ پاور Co-Generation 2013 (بیگاس/بائیوماس) (دی فریم ورک) کا حصہ تھا، ایف بی آر کی جانب سے فنانس ایکٹ، 2021 کے ذریعے نوٹیفائی کیا گیا ہے اور یہ متعلقہ پیراگراف میں تفصیلی طور پر درج ہے۔

iii۔ بیگاس بیسڈ Co-Gen پاور پراجیکٹس کی فیول کی لاگت جوں کی توں ہے اور وزارت توانائی کی IPPs سے مذاکرات کیلئے تشکیل دی گئی کمیٹی نے یہ معاملہ نیپرا کو بھیجا ہے تاکہ بیگاس قیمت میرٹ پر rationalize کی جا سکے۔ ہم پُر اُمید ہیں کہ یہ معاملہ جلد حل ہو جائے گا۔

- بیلنس شیٹ کا حجم بھی 36 بلین روپے پر برقرار ہے اور کمپنی کے پیڈ اپ کیپٹل کے مجموعی ذخائر 15 گنا سے بڑھ کر 23 گنا تک پہنچ چکے ہیں۔

## آپکی دلچسپی کے دیگر نکات حسب ذیل ہیں:

- 18-2017 میں ہمارا حصہ چینی کی کل پیداوار میں 17% تھا جو اس سال کم ہو کر 12% ہو گیا اور اگلے سال متوقع حصہ 11% رہنے کی اُمید ہے اور یہ سب FBR کی انتھک کوشش کی وجہ سے ہوا ہے جس نے آخری تین سالوں میں چینی پر سیلز ٹیکس کی چوری پر روک تھام پر توجہ مرکوز کی۔
- کرشنگ سیزن 21-2020 کیلئے صوبہ پنجاب میں فی 40 کلوگرام گنے کی مقرر کردہ کم از کم قیمت 190 روپے سے بڑھا کر 200 روپے فی من رہی جبکہ صوبہ سندھ میں گنے کی قیمت 192 روپے سے بڑھا کر 202 روپے فی من مقرر کی گئی۔ جبکہ حکومت پنجاب کی جانب سے 10 نومبر کو کرشنگ سیزن کے جلد آغاز کی وجہ سے سیزن بھر میں گنے کی سپلائی غیر متواتر رہی۔ جس کا نتیجہ گنے کی قیمت میں سخت مقابلہ کی صورت میں نکلا اور کمپنی کو گنے کی خریداری کی اوسط قیمت امسال 214 روپے فی من کی بجائے 256 روپے فی من کے حساب سے برداشت کرنا پڑی اور یوں پیداواری لاگت میں اضافہ ہوا۔ مجموعی طور پر کاشتکاروں کو سپورٹ پرائس سے 9.1 بلین روپے اضافی ادائیگیاں کی گئیں۔
- ہمیشہ کی طرح سال 21-2020 کے دوران بھی کسانوں کو گنے کی قیمت کی بروقت ادائیگی ہماری اولین ترجیح رہی۔ حکومت سندھ اور CCPA-G سے بالترتیب چینی پر برآمدی سبسڈی اور بجلی کی فروخت کی مد میں حاصل ہونے والی رقوم کی عدم ادائیگی کے باوجود 21-2020 کے سیزن کیلئے کاشتکاروں کو مکمل ادائیگی کر دی گئی ہے۔ یہ مسلسل تیسرا سیزن تھا کہ جس کے دوران کمپنی کے تمام کاشتکاروں کو بنک کے ذریعے ادائیگی کی گئی جسے

کسانوں کی طرف سے بہت سراہا گیا۔ کاشتکار گنے سے زیادہ آمدن اور بینک اکاؤنٹس کے ذریعے جلد ادائیگیاں ملنے کی وجہ سے کافی خوش تھے۔ کمپنی باقاعدگی سے اپنے کاشتکاروں کو مالی امداد اور تکنیکی معاونت فراہم کرتی ہے۔ ان پالیسیوں اور ترجیحی رویے کی بدولت کمپنی اور کاشتکاروں کے مابین خوشگوار تعلقات کی فضا قائم رہتی ہے۔

- رواں سال کے دوران حکومت پاکستان نے فنانس ایکٹ 2021 کے تحت شوگر انڈسٹری کیلئے درج ذیل اقدامات اٹھائے:
- سیلز ٹیکس ایکٹ 1990 کے تیسرے شیڈول میں چینی کی شمولیت، اس ترمیم کے مطابق فارماسوٹیکل، بیوریج اور بیکری مصنوعات جہاں چینی کی ترسیل بطور خام مال کی جاتی ہے وہاں اس کی ریٹیل قیمت پر ٹیکس ادا کیا جائے گا۔ ضمنی فنانس ایکٹ 2021 میں یہ ترمیم ختم کرنے کی سفارش کی گئی ہے۔
- حکومت نے خالص منافع کی کم از کم ٹیکس کی شرح میں u/s113 کمی (1.50 فیصد سے 1.25 فیصد) کی ہے
- IPPs کمیٹی کے ساتھ ہمارے متذکرہ مذاکرات کے تناظر میں ایف بی آر نے طویل مدت سے زیر التوا کم از کم 60 bar (kg/CM3) پریشر کے ایک یا زیادہ بوائلرز (جو کہ جنوری 2013 سے فعال کیے گئے) کے حامل بیگاس بیسڈ Co-Generation پراجیکٹس کے ٹیکس کے مسائل کو انکم ٹیکس آرڈیننس میں درج ذیل ترامیم کے ساتھ حل کیا ہے تاکہ ان پراجیکٹس کو دیگر IPPs کے ساتھ فروغ دیا جا سکے:
- بیگاس بیسڈ Co-Generation پراجیکٹ سے حاصل ہونے والا منافع اور فوائد کو انکم ٹیکس کی ادائیگی سے استثنیٰ حاصل ہے
- بیگاس بیسڈ Co-Generation پاور پراجیکٹ سے پیدا ہونے والی بجلی کی فروخت پر کم از کم u/s113 ٹیکس لاگو نہیں ہو گا۔
- بیگا بیسڈ Co-Generation پاور پراجیکٹ کی تنصیب کیلئے پلانٹ اور مشینری کی درآمد پر کم از کم ٹیکس u/s148 سے استثنیٰ۔
- بیگاس بیسڈ Co-Generation پاور پلانٹس کی جانب سے اعلان کردہ 7.5 فیصد سے 15 فیصد ڈیویڈنڈ پر انکم ٹیکس میں کمی
- 27 جولائی 2021 کو VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے سالانہ تفصیلی جائزے کے بعد کمپنی کی درجہ بندی "A/A-2" سنگل اے اور سنگل اے ٹو کے طور پر جاری کی۔ طویل مدتی درجہ بندی مناسب حفاظتی عوامل کے ساتھ اچھے کریڈٹ کے معیار کی نشاندہی کرتی ہے۔ اگر معیشت میں تبدیلیاں آتی ہیں تو رِسک کے عوامل کو متغیر سمجھا جاتا ہے۔ A-2 کی قلیل مدتی درجہ بندی میں بروقت ادائیگیوں کی عکاسی کی گئی ہے۔ لیکویڈیٹی کے عوامل اور کمپنی کی موجودہ حالت مالیاتی اداروں تک موزوں رسائی کی بدولت مستحکم ہے۔ تفویض کردہ ریٹنگز "مستحکم" دکھائی دیتی ہیں۔
- فاروقی پلپ ملز لمیٹڈ (ذیلی کمپنی) کئی سالوں سے اپنی کاروباری سرگرمیوں کا آغاز کرنے سے قاصر رہی۔ اس حقیقت کو دیکھتے ہوئے ذیلی کمپنی کی انتظامیہ نے فیصلہ کیا ہے کہ کمپنی کیلئے مزید فنڈز جاری نہ کیے جائیں کیونکہ اخراجات کیلئے بھاری سرمایہ درکار ہے۔ علاوہ ازیں ذیلی کمپنی کے پلانٹ کی کمرشل نمو پذیری اور خطیر مجموعی نقصانات کو دیکھتے ہوئے انتظامیہ نے یہ نتیجہ اخذ کیا ہے کہ کمپنی اپنے اثاثہ جات کا تخمینہ لگانے کے قابل نہیں اور عام دورانیہ میں اپنے کاروبار کو کامیاب بنانے میں ناکام رہے گی۔ گزشتہ سال ایف پی ایم ایل نے اپنے غیر معمولی اجلاس منعقدہ 25 مارچ 2020 کو اپنے اثاثے، پلانٹ اور سامان یکمشت یا حصوں میں فروخت کرنے کی قرارداد منظور کی۔ مگر ملک میں کرونا وباء کی وجہ سے پیدا ہونے والے حالات کی بدولت یہ رواں سال ممکن نہ ہو سکا اور شیئر ہولڈرز کی جانب سے 13 دسمبر 2021 کو منعقد ہونے والے سالانہ اجلاس عام میں اس کی دوبارہ منظوری دی گئی۔ ہم کیلنڈر سال 2022 میں اسے مکمل کرنے کی کوشش کریں گے۔

# ڈائریکٹرز رپورٹ

**ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 32 ویں رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2021 پیش کرتے ہیں۔**

## جائزہ

JDW شوگر ملز 31 مئی 1990 میں بطور پرائیوٹ لمیٹڈ کمپنی پاکستان میں قائم کی گئی۔جسکو 24 اگست 1991 میں پبلک لمیٹڈ کمپنی میں تبدیل کر دیا گیا۔کمپنی کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ کی لسٹ میں شامل ہیں۔کمپنی کا رجسٹرڈ شدہ دفتر 17 عابد مجید روڈ، لاہور کینٹ میں واقع ہے۔کمپنی کا بنیادی کام چینی اور بجلی کی پیداوار و فروخت اور کارپوریٹ فارمنگ ہے۔

## آپریٹنگ نتائج

سال رواں کے کمپنی کے آپریٹنگ اور مالیاتی نتائج مختصراً نیچے موجود ہیں۔

| | | 2020-21 | | | | 2019-20 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | یونٹ-I | یونٹ-II | یونٹ-III | جے ڈی ڈبلیو | یونٹ-I | یونٹ-II | یونٹ-III | جے ڈی ڈبلیو |
| گنے کی کرشنگ (پسائی) | میٹرک ٹن | 2,537,605 | 1,621,775 | 1,411,576 | 5,570,956 | 2,464,468 | 1,497,319 | 1,329,945 | 5,291,732 |
| چینی کی پیداوار | میٹرک ٹن | 255,396 | 159,800 | 140,946 | 556,142 | 260,845 | 153,173 | 134,202 | 548,219 |
| چینی کا پیداواری تناسب | فیصد% | 10.06 | 9.85 | 9.99 | 9.98 | 10.58 | 10.23 | 10.09 | 10.36 |
| راب کی پیداوار | میٹرک ٹن | 112,167 | 78,991 | 65,104 | 256,262 | 102,835 | 68,003 | 58,749 | 229,587 |
| راب کا پیداواری تناسب | فیصد% | 4.42 | 4.87 | 4.61 | 4.60 | 4.17 | 4.54 | 4.42 | 4.34 |

## اوپر موجود نتائج کا جائزہ حسب ذیل ہے:

گزشتہ سال کے مقابلے میں گنے کی پسائی کا تناسب 5 فیصد زیادہ تھا جبکہ سکروز ریکوری میں 38bps کمی کی بدولت چینی کی پیداوار اس اضافہ کے تناسب کی بجائے محض 1.5% رہی۔تاہم راب ریکوری 26bps اضافہ کے ساتھ 4.34% سے بڑھ کر 4.60% تک جا پہنچی۔گزشتہ دو سال کے دوران سکروز ریکوری میں کمی کا رجحان دیکھنے میں آیا۔سال 2018-19 میں سکروز ریکوری 11.29% تھی جو کہ سال 2019-20 میں 10.36% اور رواں سال 9.98% کی سطح تک پہنچ گئی۔کرشنگ سیزن کے جلد آغاز کے علاوہ دوسری بنیادی وجہ گنے کی قسم 234 تھی جو کہ بہتر سکروز ریکوری میں شاندار انداز میں معاون ثابت ہو رہی تھی، مگر کیڑے کی بیماری کی وجہ سے اس قسم کو ختم کرنا پڑا۔

## ذیلی کمپنی کے آپریٹنگ نتائج

| | | 2020-21 | 2019-20 |
|---|---|---|---|
| گنے کی پسائی | میٹرک ٹن | 1,270,152 | 1,220,644 |
| چینی کی پیداوار | میٹرک ٹن | 125,757 | 122,831 |
| چینی کا پیداواری تناسب | فیصد% | 9.90 | 10.06 |
| راب کی پیداوار | میٹرک ٹن | 60,000 | 55,253 |
| راب کا پیداواری تناسب | فیصد% | 4.72 | 4.53 |

DSML کا پیداواری رجحان تقریباً پیرنٹ کمپنی جیسا ہی تھا اور یہ اوپر بیان کر دیا گیا ہے۔

## مالیاتی جائزہ

کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں

(ملین روپے)

| | 2020-21 | 2019-20 |
|---|---|---|
| مجموعی فروخت | 64,908 | 60,754 |
| خالص فروخت | 56,800 | 52,458 |
| کارکردگی منافع | 6,699 | 5,972 |
| قبل از ٹیکس منافع | 4,447 | 2,421 |
| بعد از ٹیکس منافع | 4,878 | 1,399 |
| فی حصہ آمدنی | 81.61 | 23.40 |

- چینی کی زیادہ فروخت اور چینی اور راب کی بہتر قیمتوں کی وجہ سے گزشتہ سال کی نسبت کمپنی کی مجموعی فروخت میں 8% اضافہ ہوا اور اچھی قیمتوں کی وجہ سے خام منافع بھی 14% سے بہتر ہو کر 18% ہو گیا۔
- رواں سال کمپنی نے گزشتہ سال کے 1,399 ملین روپے کے مقابلے میں 4,878 ملین روپے کا بعد از ٹیکس خالص منافع کمایا۔جس کے نتیجے میں فی حصص آمد 23.40 روپے سے بڑھ کر 81.61 روپے فی شیئر تک ہو گئی اور اس کی بنیادی وجہ مالی اخراجات میں کمی، چینی اور راب کی بہتر قیمتیں، چینی کی اچھی قیمتوں کی بدولت کارپوریٹ فارمز میں بدلاؤ اور پاور پلانٹس پر انکم ٹیکس سے استثنیٰ اور ٹرن اوور ٹیکس کریڈٹس

کی مد میں 1.36 بلین روپے موخر شدہ ٹیکس کی ریورسل تھی۔اپنے زیر انتظام پیداواری یونٹس (4 شوگر یونٹس، 26.35 MW کے دو پاور پلانٹس اور گنے کے 25,000 ایکڑ پر محیط لیز شدہ اور ذاتی زرعی کارپوریٹ فارمز، جو کہ گروپ کی مجموعی گنے کی پیداوار میں 10 فیصد حصہ دار ہیں) کے باوجود ماضی میں کمپنی نے مختلف وجوہات کی بنا پر کبھی بھی اپنی صلاحیت کے مطابق منافع حاصل نہیں کیا۔پھر بھی گروپ نے اس سال 4.6 بلین روپے بعد از ٹیکس خالص منافع کمایا جو پچھلے سال 1.6 بلین روپے تھا۔

- کمپنی کے انتظامی اخراجات میں گزشتہ سال کی نسبت سولہ فیصد اضافہ ہوا ہے جسکی بنیادی وجہ تنخواہوں اور دیگر مراعات میں سالانہ اضافہ، قانونی اور پیشہ وارانہ خدمات کی مد میں خرچے میں اضافہ اور فرسودگی اخراجات میں اضافہ ہے۔فروخت کے اخراجات میں 60 ملین روپے سے کم ہو کر 38 ملین روپے رہ گئے ہیں۔
- متفرق آمدنی اس سال 673 ملین روپے سے بڑھ کر 2,211 ملین روپے ہو گئی جس کی بنیادی وجہ گنے کی فصل پر فیئر ویلیو گین اور دیگر آمدنیاں ہیں۔
- متفرق خرچوں میں خاطر خواہ اضافہ کی بنیادی وجہ بجلی کی مد میں 3.3 بلین روپے کی CPPA-G سے وصولیوں کا خرچے کا اندراج ہے جس کو تفصیل میں نیچے بیان کیا گیا ہے۔
- کمپنی کی مالی لاگت میں 1,299 ملین روپے کی نمایاں کمی ہوئی جو کہ گزشتہ سال کے مقابلہ میں 37% کم رہی اور اس کی بنیادی وجہ مارک اپ ریٹ میں کمی، چینی سٹاک کی بروقت اور کمپنی کے مجموعی قرضہ میں کمی ہے۔
- بہتر منافع کی بدولت کمپنی گزشتہ سال کے اسی دورانیہ سے مقابلتاً بہتر مالیاتی نتائج فراہم کر سکی۔کمپنی اب مالی اداروں سے متفق کردہ تمام مالی معاہدوں پر عمل پیرا ہے اور اپنی تمام مالی ذمہ داریاں بطریق احسن سرانجام (کچھ واقعات میں قبل از وقت ادائیگی) دے رہی ہے اسکے ساتھ ساتھ تمام مالیاتی اداروں سے بہترین تعلقات استوار ہیں۔

04

# Unconsolidated Financial Statements

RASG
Result Assured Services for Growth

# INDEPENDENT AUDITORS' REVIEW REPORT

## TO THE MEMBERS OF JDW SUGAR MILLS LIMITED

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations'), prepared by the Board of Directors of JDW Sugar Mills Limited for the year ended September 30, 2021 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2021.

05 January 2022
Lahore

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

**RIAZ AHMAD, SAQIB, GOHAR & CO.**
Chartered Accountants

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Corporate Office at Karachi & Regional Office at Islamabad.

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# STATEMENT OF COMPLIANCE

## With Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **JDW Sugar Mills Limited**

Year Ended: **30 September 2021**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "**Regulations**") in the following manner:

1) The total number of Directors are 07 as per the following:

   a) Male: 06
   b) Female: 01

2) The composition of the Board is as follows:

| Sr. # | Category | Names |
|---|---|---|
| **(i)** | Independent Directors* | Mr. Asim Nisar Bajwa<br>Mr. Qasim Hussain Safdar** |
| **(ii)** | Executive Directors | Mr. Jahangir Khan Tareen<br>Mr. Raheal Masud |
| **(iii)** | Non-Executive Directors | Mukhdoom Syed Ahmad Mahmud<br>Mr. Ijaz Ahmed |
| **(iv)** | Female Director<br>(Non-Executive) | Mrs. Samira Mahmud |

*Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not rounded up as one (01).

** Subsequent to financial year end 30 September 2021, election of directors was held on 01 November 2021 and all above mentioned directors (except Mr. Qasim Hussain Safdar) were re-elected and Mr. Zafar Iqbal was elected as independent director in place of Mr. Qasim Hussain Safdar.

3) The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

4) The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "**Act**")and the Regulations.

7) The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8) The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.

9) All Directors are either exempted or have attended the training in prior years.

10) All appointments (including remuneration, terms and conditions of employment) of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been duly approved by the Board as per the requirements of applicable provisions of the Act and the Regulations.

11) Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12) The Board has formed Committees comprising of following:

| Sr. # | Name of Committee | Composition | |
|---|---|---|---|
| | | **Name** | **Designation** |
| **1.** | Audit Committee | Mr. Qasim Hussain Safdar* | Chairman/Member |
| | | Mrs. Samira Mahmud | Member |
| | | Mr. Ijaz Ahmed | Member |
| **2.** | Human Resource & Remuneration Committee | Mr. Asim Nisar Bajwa | Chairman/Member |
| | | Mrs. Samira Mahmud | Member |
| | | Mr. Ijaz Ahmed | Member |
| **3.** | Nomination Committee | Mr. Jahangir Khan Tareen | Chairman/Member |
| | | Mr. Asim Nisar Bajwa | Member |
| **4.** | Risk Management Committee | Mr. Jahangir Khan Tareen | Chairman/Member |
| | | Mr. Asim Nisar Bajwa | Member |

*Subsequent to financial year end 30 September 2021, Board Committees were re-constituted on same composition as mentioned above except that Mr. Zafar Iqbal has been appointed as Member/Chairman of Audit Committee in place of Mr. Qasim Hussain Safdar.

13) The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14) The frequency of meetings of the committees' were as per following:

| Sr. # | Name of Committee | Frequency of Meeting(s) |
|---|---|---|
| **1.** | Audit Committee | 04 |
| **2.** | Human Resource & Remuneration Committee | 04 |
| **3.** | Nomination Committee | 01 |
| **4.** | Risk Management Committee | 01 |

15) The Board has set up an effective internal audit function controlled by internal audit department, which is comprised of qualified and experienced professionals for the purpose and are conversant with the policies and procedures of the Company.

16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any Director of the Company.

17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18) We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

05 January 2022
Lahore

(Mukhdoom Syed Ahmad Mahmud)
**Chairman**

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# INDEPENDENT AUDITORS' REPORT

## To the members of JDW Sugar Mills Limited

## Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of **JDW Sugar Mills Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 September 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to note 19.1.15 to these unconsolidated financial statements, which describes the Commission of Inquiry has highlighted discrepancies with respect to crushing capacity of the Company and standard business practice of Pakistan sugar industry. Our opinion is not modified in respect of above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**RIAZ AHMAD, SAQIB, GOHAR & CO.**
Chartered Accountants

Building No.35 - D / E, Ali Block, New Garden Town, Lahore.
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Following are the Key Audit Matter(s):

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters was addressed in our audit</th></tr>
<tr><td>1</td><td>Revenue recognition</td><td></td></tr>
<tr><td></td><td>Refer to notes 4.12 and 33 to these unconsolidated financial statements.<br><br>The Company principally generates revenue from sale of crystalline sugar, agriculture produce and electricity.<br><br>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</td><td>Our audit procedures, amongst others, included the following:<br>• obtained an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue;<br>• assessed the appropriateness of the Company's accounting policy for recording of revenue and compliance of the policy with International Financial Reporting Standard 15 (IFRS 15);<br>• reviewed the management procedures carried out for evaluation of contractual arrangements with customers (oral and written) with respect to identification of each party's rights regarding the goods to be transferred and revenue has been recognized after meeting the conditions of IFRS 15;<br>• reviewed a sample of contractual arrangement entered into by the Company with its customers and checking the Company's obligation to transfer goods to a customer; for which the Company has received consideration, has been satisfied before recognition of revenue;<br>• compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents;<br>• compared a sample of sale transactions recorded before and after reporting period and near the year end with relevant underlying documentation to assess whether revenue has been recorded in the appropriate accounting period;<br>• compared a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assess whether the revenue has been recorded in the appropriate accounting period;<br>• for a sample of invoices, recalculated the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA);<br>• scanned for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation; and<br>• assessed the adequacy of disclosures in the unconsolidated financial statements to be in accordance with the applicable accounting and reporting standards.</td></tr>
</table>

| Sr. No. | Key audit matters | How the matters was addressed in our audit |
|---|---|---|
| 2 | **Master Agreement and EPA Amendment Agreement** | |
| | Referred to note 1.2 and 30.2.1 to these unconsolidated financial statements.<br><br>On February 12, 2021, the Company signed the Amendment to the Energy Purchase Agreement (EPA) and Master Agreement (the Agreements) with the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G/Power Purchaser) whereby settlements relating to fixed energy revenue dispute and its receivables have been made. The settlement resulted in an impairment of Rs. 3,326 million.<br><br>Further, subject to the terms of the EPA Amendment Agreement, CPPA-G and the Company shall jointly proceed to file application for disposal of pending litigation before the Courts in relation to the matter in respect of the EPA.<br><br>Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgement, therefore, we considered this as a key audit matter | Our audit procedures, amongst others, included the following:<br>• assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the applicable accounting policies of the Company;<br>• obtained and assessed details of the Agreements and discussed the same with the Company's management;<br>• inspected the minutes of the meetings of Board of Directors during the year ended 30 September 2021;<br>• checked that the invoices raised by the Company during the year are in accordance with the requirements of EPA and the aforesaid Agreements;<br>• circularized confirmation of trade receivables to CPPA-G;<br>• assessed the adequacy of impairment in relation to the disputed capacity receivables; and<br>• assessed adequacy of the accounting treatment and related disclosures made in the unconsolidated financial statements, to be in accordance with the applicable accounting and reporting standards. |
| 3 | **Valuation of biological assets (standing sugarcane)** | |
| | Refer to notes 4.6 & 27 to these unconsolidated financial statements.<br><br>Significant judgement and estimates are used in determining the fair value of biological assets. At 30 September 2021, the fair value of the standing sugarcane is Rs. 2,335 million which constitutes a significant balance on the unconsolidated statement of financial position.<br><br>The value of standing sugarcane is based on the current estimated cane price for the following season and sucrose content less the estimated cost of harvesting, transport and other related cost.<br><br>Significant judgement is required in estimating the expected cane yield, the maturity of the cane and the estimated sucrose content for the various operating locations and is also considered subjective since it is based on executive management, its experience, expectations and relevant current external factors.<br><br>Given the value of the biological assets, together with the significant judgement and estimates that are required in determining the fair value, the valuation of biological assets is considered a key audit matter. | Our procedures performed in considering the appropriateness of the valuation of standing sugarcane included the following:<br>• management's representation with regards to the valuation techniques and fair presentation of the biological assets were obtained and evaluated;<br>• critically evaluated the fair value methodology against criteria in IAS 41 'Agriculture' and IFRS 13 'Fair Value Measurement', measurements and key assumptions applied by management in determining the fair value of the standing sugarcane;<br>• examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;<br>• performed sensitivities to assess the impact of changes in the significant inputs;<br>• reviewed the principles used in the valuation of standing sugarcane and analysed the key assumptions used in the valuation model;<br>• detailed testing on the key inputs into the standing sugarcane valuation model including estimated yields, estimated sucrose content and forecast price to confirm the validity, accuracy and completeness of the data by comparing the data to market and other external data where applicable; |

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters was addressed in our audit</th></tr>
<tr><td></td><td></td><td>• compared the prior year's estimated yields, estimated sucrose content and forecast price to the current year actuals attained to assess the reasonableness and accuracy of management' estimates;<br>• reviewed the formulae as per the model and recalculating for mathematical accuracy; and<br>• evaluated the adequacy of the unconsolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities to ensure that they are in compliance with the IAS 41 and IFRS 13.</td></tr>
<tr><td>4</td><td>Recognition of deferred tax asset relating to Minimum Turnover Tax and Alternative Corporate Tax (tax credits)</td><td></td></tr>
<tr><td></td><td>Refer to notes 4.9.2 & 10 to these unconsolidated financial statements.<br><br>Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax assets recognized in the unconsolidated statement of financial position at each reporting period.<br><br>Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward un-used tax credits can be utilized. The future taxable profits are based on approved projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversal of un-used tax credits.<br><br>As at 30 September 2021, the Company has recognized deferred tax asset amounting to Rs. 2,139 million mainly on account of un-used tax credits.<br><br>We considered this as a key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of deductible temporary differences and management judgement regarding assumptions used in this area.</td><td>Our audit procedures amongst others included the following:<br>• obtained understanding of management process of preparation of taxable income and liability forecast and deferred tax calculation;<br>• tested management's computation of un-used tax credits for which deferred tax asset has been recognized;<br>• analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considered the ageing analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our internal tax professionals;<br>• assessed the reasonableness of assumptions such as growth rate, future revenue and costs and other relevant information for assessing the quality of Company's forecasting process in determining the future taxable profits;<br>• tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and<br>• assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the applicable accounting and reporting standards.</td></tr>
<tr><td>5</td><td>Valuation of stock-in-trade</td><td></td></tr>
<tr><td></td><td>Refer to note 29 to these unconsolidated financial statements.<br><br>Stock-in-trade at the reporting date mainly included bagasse and finished goods (sugar bags).<br><br>The value of stock-in-trade at the reporting date aggregated to Rs. 1,880 million representing 16% of the Company's total current assets.<br><br>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions.</td><td>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:<br>• assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards;<br>• attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data;<br>• assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis;<br>• re-calculated the value of stock in trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology;</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters was addressed in our audit</th></tr>
<tr><td></td><td>Judgment has also been exercised by the management in determining the net realisable value of finished goods and estimating the stock of bagasse.<br><br>We identified this matter as key in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.</td><td>• performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices; and<br>• assessed the adequacy of disclosures in these unconsolidated financial statements to be in accordance with the applicable accounting and reporting standards.</td></tr>
<tr><td>6</td><td>Financing obligations and compliance with related covenant requirements</td><td></td></tr>
<tr><td></td><td>Refer notes 8 & 13 to these unconsolidated financial statements.<br><br>At the reporting date, the Company has outstanding financing facilities (both long and short term) aggregating Rs. 15,365 million which constitutes 73% of total liabilities of the Company.<br><br>The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with.<br><br>The significance level of financing facilities obtained along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</td><td>Our audit procedures in relation to verification of long and short term financing mainly included the following:<br>• reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions;<br>• obtained direct balance confirmations from banks and financial institutions and verified outstanding obligations and certain other information from such confirmations;<br>• reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities;<br>• assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants;<br>• assessed the adequacy of disclosures made in respect of the long and short term financing / borrowings in these unconsolidated financial statements; and<br>• checked on test basis the calculations of finance cost recognised in the unconsolidated statement of profit or loss.</td></tr>
<tr><td>7</td><td>Contingencies</td><td></td></tr>
<tr><td></td><td>Refer to note 19.1 to these unconsolidated financial statements.<br><br>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.<br><br>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the unconsolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses. For such reasons, we have considered the contingencies as a key audit matter.</td><td>Our audit procedures in this area included, amongst others, the following:<br>• obtained an understanding of the Company's processes and controls over litigations through meeting with the management, review of the minutes of the Board of Directors;<br>• reviewing the correspondence of the Company with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities;<br>• obtained and reviewed direct confirmations from the Company's external advisors for their views on the legal position of the Company in relation to the contingent matters;<br>• involved our internal tax professionals to assess management's conclusions on contingent tax matters; and<br>• evaluated the adequacy of disclosures made in respect of these contingencies in accordance with the applicable accounting and reporting standards.</td></tr>
</table>

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2021, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali Rafique.

Riaz Ahmad / Saqib Gohar & Co.

05 January 2022
Lahore

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Share capital | 6 | 597,766,610 | 597,766,610 |
| Share premium reserve | 7 | 678,316,928 | 678,316,928 |
| Accumulated profit | | 13,171,462,931 | 8,296,557,525 |
| | | 14,447,546,469 | 9,572,641,063 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finances - secured | 8 | 8,995,865,407 | 11,482,527,333 |
| Lease liabilities | 9 | 1,313,728,626 | 766,591,223 |
| Deferred taxation | 10 | – | 994,001,202 |
| Retirement benefits | 11 | 55,987,252 | 104,616,023 |
| Deferred income - Government grant | 12 | 685,215 | 18,022,964 |
| | | 10,366,266,500 | 13,365,758,745 |
| **CURRENT LIABILITIES** | | | |
| Short term borrowings | 13 | 3,015,112,876 | 9,307,988,486 |
| Current portion of non-current liabilities | 14 | 4,167,790,367 | 3,560,121,140 |
| Trade and other payables | 15 | 2,199,533,008 | 2,251,687,573 |
| Advances from customers | 16 | 1,064,373,067 | 2,678,183,171 |
| Unclaimed dividend | 17 | 33,748,830 | 33,943,018 |
| Accrued profit / interest / mark-up | 18 | 251,304,750 | 322,559,265 |
| | | 10,731,862,898 | 18,154,482,653 |
| **CONTINGENCIES AND COMMITMENTS** | 19 | | |
| | | 35,545,675,867 | 41,092,882,461 |

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 20 | 19,670,791,623 | 20,772,422,620 |
| Right-of-use assets | 21 | 1,836,163,006 | 1,157,421,198 |
| Investment property | 22 | 185,854,012 | 185,854,012 |
| Intangibles | 23 | 612,730,104 | 614,769,832 |
| Long term investments | 24 | 1,084,012,500 | 1,083,252,500 |
| Long term deposits | 25 | 95,186,741 | 57,116,542 |
| Deferred taxation | 10 | 368,027,550 | – |
| | | 23,852,765,536 | 23,870,836,704 |
| **CURRENT ASSETS** | | | |
| Right-of-use assets | 21 | 43,462,361 | 19,040,329 |
| Short term investments | 24 | 651,994,491 | 570,053,405 |
| Lease receivables | 26 | 69,633,908 | – |
| Biological assets | 27 | 2,335,200,206 | 1,820,115,980 |
| Stores, spare parts and loose tools | 28 | 1,381,816,893 | 1,540,502,239 |
| Stock-in-trade | 29 | 1,880,461,902 | 3,985,441,491 |
| Trade receivables | 30 | 4,195,841,481 | 8,451,790,699 |
| Advances, deposits, prepayments and other receivables | 31 | 596,888,246 | 513,874,445 |
| Advance income tax - net | | 290,291,164 | 192,647,995 |
| Cash and bank balances | 32 | 247,319,679 | 128,579,174 |
| | | 11,692,910,331 | 17,222,045,757 |
| | | 35,545,675,867 | 41,092,882,461 |

Chief Executive

Director

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 September 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **Gross revenue** | | 64,908,274,727 | 60,754,017,942 |
| Sales tax and commission | | (8,107,983,165) | (8,296,157,811) |
| **Revenue from contracts with customers** | 33 | 56,800,291,562 | 52,457,860,131 |
| Cost of revenue | 34 | (46,664,715,787) | (44,867,940,832) |
| **Gross profit** | | 10,135,575,775 | 7,589,919,299 |
| | | | |
| Administrative expenses | 35 | (1,916,766,471) | (1,646,151,637) |
| Selling expenses | 36 | (37,568,754) | (60,398,619) |
| Other income | 37 | 2,210,705,238 | 672,738,830 |
| Other expenses | 38 | (3,692,880,845) | (584,371,084) |
| | | (3,436,510,832) | (1,618,182,510) |
| **Profit from operations** | | 6,699,064,943 | 5,971,736,789 |
| | | | |
| Finance cost | 39 | (2,251,743,127) | (3,550,396,765) |
| **Profit before taxation** | | 4,447,321,816 | 2,421,340,024 |
| Taxation | 40 | 430,974,402 | (1,022,823,378) |
| **Profit for the year** | | 4,878,296,218 | 1,398,516,646 |
| | | | |
| **Earnings per share - basic and diluted** | 41 | 81.61 | 23.40 |

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

Chief Financial Officer | Chief Executive | Director

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2021

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **Profit for the year** | | 4,878,296,218 | 1,398,516,646 |
| | | | |
| **Other comprehensive loss** | | | |
| | | | |
| **Items that will not be subsequently reclassified to profit or loss:** | | | |
| | | | |
| Re-measurement of defined benefit liability | 11.4 | (4,775,791) | (1,371,055) |
| Related tax | 10.3 | 1,384,979 | 397,606 |
| | | (3,390,812) | (973,449) |
| **Total comprehensive income for the year** | | 4,874,905,406 | 1,397,543,197 |

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

Chief Executive

Director

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash generated from operations** | 42 | 13,230,049,202 | 8,120,332,792 |
| Taxes paid | | (1,023,828,532) | (423,296,976) |
| Staff retirement benefits paid | | (211,411,154) | (100,912,916) |
| Interest income received | | 196,566,019 | 4,501,434 |
| Long term deposits | | (34,275,044) | (6,203,315) |
| Workers' Profit Participation Fund paid | 15.3 | (135,840,655) | (15,542,434) |
| | | (1,208,789,366) | (541,454,207) |
| **Net cash generated from operating activities** | | 12,021,259,836 | 7,578,878,585 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | | (677,373,652) | (447,885,080) |
| Right-of-use assets | | 1,507,655 | (7,489,445) |
| Proceeds from disposal of operating fixed assets | | 94,195,042 | 35,152,356 |
| Investment made in subsidiaries companies | | (760,000) | – |
| Advances for future issuance of shares | | – | (1,700,000) |
| Investment in associate | | – | (2,500) |
| Acquisition of investment property | | – | (5,542,850) |
| **Net cash used in investing activities** | | (582,430,955) | (427,467,519) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | 48 | | |
| Long term finances - net | | (1,992,827,391) | 5,326,321,714 |
| Short term borrowings - net | | (4,384,760,140) | (6,927,103,361) |
| Financial charges paid as: | | | |
| - finance cost | | (2,144,894,240) | (3,779,567,349) |
| - interest on lease liability | | (178,103,402) | (190,947,774) |
| Principal portion of lease liability paid | | (711,193,545) | (669,908,254) |
| Dividend paid | | (194,188) | (595,443,949) |
| **Net cash used in financing activities** | | (9,411,972,906) | (6,836,648,973) |
| **Net increase in cash and cash equivalents** | | 2,026,855,975 | 314,762,093 |
| **Cash and cash equivalents at beginning of the year** | | (3,225,170,679) | (3,539,932,772) |
| **Cash and cash equivalents at end of the year** | | (1,198,314,704) | (3,225,170,679) |
| **Cash and cash equivalents comprise of the following:** | | | |
| - Cash and bank balances | 32 | 247,319,679 | 128,579,174 |
| - Running / Morabaha / Karobar / Musharakah finances | 13.2 & 13.6 | (1,445,634,383) | (3,353,749,853) |
| | | (1,198,314,704) | (3,225,170,679) |

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

Chief Financial Officer | Chief Executive | Director

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021

| | Share capital | Reserves | | | Total equity |
|---|---|---|---|---|---|
| | | Capital | Revenue | | |
| | | Share premium | Accumulated profit | Total reserves | |
| | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Balance as at 01 October 2019** | 597,766,610 | 678,316,928 | 7,496,780,938 | 8,175,097,866 | 8,772,864,476 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | 1,398,516,646 | 1,398,516,646 | 1,398,516,646 |
| Other comprehensive loss for the year | - | - | (973,449) | (973,449) | (973,449) |
| | - | - | 1,397,543,197 | 1,397,543,197 | 1,397,543,197 |
| **Transactions with owners of the Company** | | | | | |
| Final cash dividend for the year ended 30 September 2019 @ Rs. 10.00 per share | - | - | (597,766,610) | (597,766,610) | (597,766,610) |
| **Balance as at 30 September 2020** | 597,766,610 | 678,316,928 | 8,296,557,525 | 8,974,874,453 | 9,572,641,063 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | 4,878,296,218 | 4,878,296,218 | 4,878,296,218 |
| Other comprehensive loss for the year | - | - | (3,390,812) | (3,390,812) | (3,390,812) |
| | - | - | 4,874,905,406 | 4,874,905,406 | 4,874,905,406 |
| **Balance as at 30 September 2021** | 597,766,610 | 678,316,928 | 13,171,462,931 | 13,849,779,859 | 14,447,546,469 |

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

Chief Executive

Director

## 1. CORPORATE AND GENERAL INFORMATION

### 1.1 Legal status and operations

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited company and was subsequently converted into a public limited company on 24 August 1991. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The principal activities of the Company is production and sale of crystalline sugar including its by-products i.e. molasses, bagasse and mud, generation of electricity and managing corporate farms.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Head office and registered office: 17 - Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan
- Unit-I: Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan
- Unit-II: Machi Goth, Sadiqabad, District Rahim Yar Khan
- Unit-III: Village Laluwali, District Ghotki
- Corporate farms - Punjab Zone
- Corporate farms - Sindh Zone

The Company has executed Energy Purchase Agreements ("EPA") on 20 March 2014 for thirty years with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") for its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and commenced supplying renewable electricity to the national grid. Further, the Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

During the year on February 12, 2021, the Company entered into a Novation Agreement to the EPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as "the Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the EPA to CPPA-G and thereafter, NTDC ceased to be a party to the EPA, and CPPA-G became a party to the EPA in place of NTDC. Further, on the same day, the Company entered into the EPA Amendment Agreement, as referred to note 1.2.

### 1.2 Amendment to the Energy Purchase Agreement (EPA)

The Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale of electricity. In this respect, the Company entered into a "Master Agreement" and an "EPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021.

Pursuant to the significant terms of these Agreements, the Company will receive its outstanding receivables amounting to Rs 2,041.979 million due from CPPA-G as on November 30, 2020 in two installments. Accordingly, the Company received Rs. 816.833 million as the 1st installment (40%) on June 04, 2021. The remaining 60% amount has been received subsequent to year end. Further, the Company has provided discounts on insurance, operations & maintenance and return on equity in tariff.

Moreover, if the Company operates above the annual 45% plant factor (the "Average PF") in a year, the CPPA-G shall pay 100% variable energy payments and 30% of fixed energy payment for energy dispatched above the Average PF. If below the Average PF, the CPPA-G shall pay monthly energy payment in accordance with clause 3.1.2 of the EPA Amendment Agreement.

In addition to above, delayed payment rate' as referred in note 30.2 of these unconsolidated financial statements has been amended to for all future invoices (a) for the first sixty (60) days, 3MK plus two percent per annum; (b) for any period thereafter sixty (60) days, 3MK plus four-point five percent per annum and each calculated for the actual number of days for which the relevant amount remains unpaid. Further, for all invoices, CPPA-G shall ensure that payments follow the EPA mandated FIFO payment principle.

CPPA-G and the Company shall jointly proceed to file application for disposal of pending litigation before the Courts in relation to the matter in respect of the EPA. For details, refer to note 30.2.1.

The Tariff discount and payments for monthly Energy is expected to have an impact on the future cash flows and profitability of the Company. In this regard, the management of the Company has assessed that no impairment adjustment is required against the carrying value of the assets.

### 1.3 Impact of COVID-19 on the unconsolidated financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab and Government of Sindh from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant.

During the year, the Company has availed SBP's refinance scheme for payment of wages and salaries as explained in note 8.2 to these financial statements. Other than above, the management has evaluated and concluded that presently this outbreak does not have any significant impact on the amounts being reported in the Company's financial statements.

## 2. BASIS OF PREPARATION

### 2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following investments:

| Name of company | Country of incorporation | Shareholding |
|---|---|---|
| **Subsidiaries** | | |
| - Deharki Sugar Mills (Private) Limited ("DSML") | Pakistan | 100% |
| - Ghotki Power (Private) Limited ("GPL") | Pakistan | 100% |
| - Sadiqabad Power (Private) Limited ("SPL") | Pakistan | 100% |
| - Faruki Pulp Mills Limited ("FPML") | Pakistan | 57.67% |
| **Associates** | | |
| - JDW Power (Private) Limited ("JDWPL") | Pakistan | 47.37% |
| - Kathai-II Hydro (Private) Limited ("KHL") | Pakistan | 20% |

### 2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

### 2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees (Rs. / Rupees) which is the Company's functional currency. All amounts have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

## 3. KEY JUDGMENTS AND ESTIMATES

The preparation of these unconsolidated financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a high degree of judgments or complexity, or areas where assumptions and estimates are significant to these unconsolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets - note 4.1
- Useful lives, residual values and amortization method of intangible assets - note 4.4
- Fair value of biological assets - note 4.6 & 27
- Provision for impairment of inventories - note 4.7
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and tax credits) - note 4.9
- Obligation of defined benefit obligation - note 4.10 & 11
- Estimation of provisions - note 4.14
- Estimation of contingent liabilities - note 4.15
- Expected Credit Losses of certain financial assets under IFRS 9 note - 4.17
- Impairment loss of non-financial assets other than inventories and deferred tax assets - note 4.17.7

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 4.1 Property, plant and equipment

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and any identified impairment losses.

Freehold land and capital work in progress are stated at cost less any identified impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.13.

Major stores, spare parts and loose tools held for capital expenditure qualify as property, plant and equipment when the Company expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to the unconsolidated statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the unconsolidated statement of profit or loss so as to write off the cost or carrying amount of assets over their estimated useful lives, using reducing balance method at rates specified in note 20.1, except that straight-line method is used for assets related to Corporate farms. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

Sugarcane roots (bearer plants) are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalized to sugarcane roots include preparing the land, maintaining a source of seed cane, planting the seed cane and costs related to establishing new area under cane. Depreciation of bearer plants commences when they are ready for their intended use. Costs incurred for infilling including block infilling are generally recognized in the unconsolidated statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognized so as to write off its cost less residual values over useful lives, using the straight-line method.

During the year, the Company after review of useful lives and residual values of bearer plants, decrease the useful life of sugarcane roots from six to three years. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Company for 2021 increase by Rs. 128.640 million and carrying amount of sugarcane root decrease by Rs. 128.640 million. The current and deferred tax assets have decrease by Rs. 33.803 million.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged when an asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as referred in note 4.17.7

Gains or losses arising on derecognition of an item of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the unconsolidated statement of profit or loss within other income or other expenses. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

**4.2 Lease liability and right-of-use asset**

**4.2.1 The Company is the lessee:**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions. The Company has lease contracts for agricultural land (for cultivation of sugarcane), vehicles and office buildings.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the unconsolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to the unconsolidated statement of profit or loss as incurred.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit or loss if the right-of-use asset is already reduced to zero.

**4.2.2 The Company is the lessor:**

As a lessor, the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. However, all leases of the Company are treated as operating leases and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The Company also earns rental income from operating leases of its investment properties (see note 4.3). Rental income is recognised on a straight-line basis over the term of the lease.

**4.2.3 The Company is the intermediate lessor:**

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described in note 4.2.1, then it classifies the sub-lease as an operating lease. The Company has sub-leased a land that has been presented as part of a right-of-use asset and recognised a gain or loss on derecognition of the right of-use asset pertaining to the land and presented the gain as part of other income. The Company recognised interest income on lease receivables in the statement of profit or loss.

**4.3 Investment property**

Investment property is property held either to earn rental income and / or for capital appreciation, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purposes.

The Company's investment property comprises of land which is carried at cost, including transaction cost, less identified impairment loss, if any. The Company assesses at each unconsolidated statement of financial position date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the unconsolidated statement of profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in the unconsolidated statement of profit or loss as an income or expense in the period of derecognition.

**4.4 Intangibles**

**4.4.1 Goodwill**

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses (for impairment testing, refer to note 4.17.7).

**4.4.2 Computer software**

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortization (for finite useful life of intangible asset) and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. In addition, they are subject to impairment testing as described in note 4.17.7.

Intangible assets with finite useful life are amortized using straight-line method over its useful life as specified in note 23 to these unconsolidated financial statements. Amortization on additions to intangible assets is charged from the date when an asset is put to use till the asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the unconsolidated statement of profit or loss within other income or other expenses.

**4.5 Investments**

**4.5.1 Investment in equity instruments of subsidiary companies**

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

**4.5.2 Investments in equity instruments of associated companies**

Associates are all entities over which the Company has significant influence but has no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

**4.6 Biological assets**

The Company recognises a biological asset or agricultural produce when, and only when the Company controls the asset as a result of past events; and it is probable that future economic benefits associated with the asset will flow to the Company, and the fair value or cost of the asset can be measured reliably.

Consumable biological assets, comprising of standing sugarcane and other crops are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using the risk adjusted discount rate. Significant assumptions used are stated in note 27.1 to these unconsolidated financial statements. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation in price is not expected to be material.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing sugarcane and other crops are accounted for as biological assets until the point of harvest. Sugarcane and other crops are transferred to inventory at fair value less costs to sell when harvested. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in the unconsolidated statement of profit or loss for the period in which it arises.

Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

Management of the Company regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustments might affect valuation of biological assets and accordingly charge to the unconsolidated statement of profit or loss.

**4.7 Stores, spare parts and loose tools**

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, that have been incurred in bringing the inventories to their present location and condition.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of stores, spare parts and loose tools with a corresponding effect on provision.

**4.8 Stock-in-trade**

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the unconsolidated statement of financial position date.

**Cost is determined as follows:**

| | |
|---|---|
| Raw materials | Average cost |
| Work-In-Process & Finished goods | Average manufacturing cost |
| Molasses and bagasse - by products | Net realizable value |

The cost of harvested crops transferred from biological assets to stock-in-trade is its fair value less costs to sell at the point of harvest.

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

### 4.9 Taxation

Taxation for the year is the tax payable on the current year's taxable income based on the applicable income tax rate. Income tax expense comprises current and deferred tax.

#### 4.9.1 Current tax

**Income tax**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

However, profits and gains of the Company derived from bagasse based cogeneration power project are exempt from tax in terms of clause 132C of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001.

**Agriculture tax**

According to Section 41 of the Income Tax Ordinance, 2001, agriculture income of the Company is exempt from tax under Federal Board of Revenue. Provision for current tax is based on the taxable agriculture income for the year determined in accordance with the Punjab Agriculture Income Tax Act, 1997. The charge for current tax is calculated using prevailing tax rates.

#### 4.9.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax has been fully provided in these unconsolidated financial statements except profits and gains of the Company derived from bagasse based cogeneration power which are exempt from tax subject to the conditions and limitations provided for in terms of clause (132C) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 because the Company's management believes that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**4.10 Employee benefits**

**4.10.1 Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan is recognized as an employee benefit expense in the unconsolidated statement of profit or loss when they are due.

The Company operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Company and employee to the fund at the rate of 10% of basic salary.

**4.10.2 Defined benefit plan**

A defined benefit plan provides an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the unconsolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets.

The Company operates approved funded gratuity fund covering eligible full time permanent employees who have completed the minimum qualifying period of service as defined under the respective fund. The gratuity fund is managed by the trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values.

The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in the unconsolidated statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then - net defined benefit liability / (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the unconsolidated statement of profit or loss.

**4.11 Deferred Government grant**

Grant from the government is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grant relating to costs is deferred and recognised in the unconsolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Amortization of deferred grant is presented as reduction of related interest expense.

**4.12 Revenue from contracts with customers**

**4.12.1 Revenue recognition**

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Company's ordinary activities. The Company is engaged in the sale of crystalline sugar, its by-products, agri inputs, sale of electricity and agricultural produce.

**a) Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer. The normal credit terms for customers is as per sale order.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

**b) Sale of electricity**

Revenue from sale of energy is recognized over time as electricity is delivered and based on the rates determined under the mechanism laid down in the EPA. The delivered electricity units represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Company has a right to bill the customer corresponds directly with the value of the completed performance to the customer. As a result, the Company applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Payments to customers are recorded as a reduction in revenue when the payments relate to the Company's performance obligations under the contract (e.g. liquidated damages or penalties).

**c) Other income**

The Company also generates revenue from following other sources which are enumerated below:

- income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return;
- foreign currency gains and losses are reported on a net basis;
- rental income is recognized on accrual basis and is disclosed under other income in the unconsolidated statement of profit or loss;
- dividend income is recognized when the Company's right to receive the dividend is established and included in operating profit in the unconsolidated statement of profit or loss as part of other income;
- delayed mark-up on due payments by the CPPA-G is recognized only when the Company has fully received the amount of relevant invoice due. However, after effective date of the EPA Amendment as stated in note 1.2, delayed payment mark-up on amounts due under the EPA is accrued on a time proportion basis;
- interest income is recognized as and when accrued on effective interest method. interest income is disclosed under other income in the unconsolidated statement of profit or loss; and
- Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

**4.12.2 Contract balances**

**a) Contract liabilities/advances from customers**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the unconsolidated statement of financial position (refer to note 16). Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a trade receivable in its unconsolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due (refer to note 30).

**b) Trade receivables**

Trade receivables are amounts due from customers for goods or services that are delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 4.17.5 for a description of the Company's impairment policies.

**4.13 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in the unconsolidated statement of profit or loss as incurred.

**4.14 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors/consultants for the estimated financial outcome, an appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the unconsolidated statement of financial position date.

**4.15 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

**4.16 Contingent assets**

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

**4.17 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**4.17.1 Recognition and initial measurement**

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component or for which the Company has applied the practical expedient) or financial liability is initially measured at fair value plus / less, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

**4.17.2 Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI), Fair value through Profit or loss (FVTPL) and in case of an equity instrument it is classified as FVTOCI or FVTPL. Currently, the Company does not have any financial assets categorised as FVTPL and FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Financial assets at amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognized in unconsolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade and other receivables.

**Financial assets – Business model assessment**

For the purposes of the assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable-rate features;
– prepayment and extension features; and
– terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

**Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in unconsolidated statement of profit or loss.

The Company's financial liabilities comprise of trade and other payables, long & short term financing / borrowings, lease liabilities, accrued markup and unclaimed dividend payable.

### 4.17.3 Derecognition

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated statement of profit or loss.

### 4.17.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

### 4.17.5 Impairment of financial assets

Expected Credit Losses ('ECLs') are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost; and
- trade receivables and lease receivables

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs:

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Company has elected to measure loss allowances for trade receivables and lease receivables other than due from 'Government of Pakistan' (see note 4.17.6) using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and lease receivable and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company reviews the recoverability of its trade receivables, lease receivables, deposits, advances and other receivables to assess the impairment allowances required on an annual basis.

**4.17.6 Financial assets due from the Government of Pakistan**

Financial assets due from the Government of Pakistan include trade receivables due from CPPA-G under the EPA that also includes accrued amounts of markup. SECP vide S.R.O. 1177 (I)/2021 dated 13 September 2021 notified a partial exemption, that in respect of companies holding financial assets due from the Government of Pakistan in respect of circular debt, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method" shall be not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired.

The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the unconsolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision.

Subsequent recoveries of amounts previously written off are credited to the unconsolidated statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognised in the unconsolidated statement of profit or loss.

#### 4.17.7 Non - Financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

The management of the Company reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In case of goodwill, formal estimates of recoverable amount is made on an annual basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in the unconsolidated statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

### 4.18 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is charged directly in the unconsolidated statement of profit or loss.

### 4.19 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

Foreign currency differences arising on retranslation are generally recognized in the unconsolidated statement of profit or loss.

### 4.20 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's unconsolidated financial statements in the year in which it is declared by the Board of Directors.

### 4.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

## 5. NEW STANDARDS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

### 5.1 Standards, interpretations and amendments to published approved accounting standards that are effective during the current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

### 5.2 New Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following Standards and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them:

| | | Effective for the period beginning on or after |
|---|---|---|
| **IAS-1** | Presentation of Financial Statements & Accounting Policies – Amendments regarding the classification of liabilities | January 01, 2023 |
| **IAS-8** | Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates) | January 01, 2023 |
| **IAS-12** | Income Taxes (The amendments to narrow the scope of the initial recognition exemption) | January 01, 2023 |

| | | Effective for the period beginning on or after |
|---|---|---|
| **IAS-16** | Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use | January 01, 2022 |
| **IAS-37** | Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous | January 01, 2022 |
| **IAS-41** | Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements) | January 01, 2022 |
| **IFRS-1** | First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) | January 01, 2022 |
| **IFRS-3** | Business Combinations - Amendments updating a reference to the Conceptual Framework | January 01, 2022 |
| **IFRS-4** | Insurance Contracts – Amendments regarding the expiry date of the deferral approach | January 01, 2023 |
| **IFRS-9** | Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) | January 01, 2022 |
| **IFRS-16** | Leases (Extension in respect of the practical expedient for COVID-19 related rent concession by one year) | July 01, 2021 |
| **IFRS-16** | Amendment resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives) | January 01, 2022 |
| **IFRS-10** | Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture). | The effective date for these changes has been deferred indefinitely until the completion of a broader review. |
| Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, January 01, 2022 IFRS 4 and IFRS 16. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IOBR reform. The amendments also allow a series of exemptions from regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. | | January 01, 2022 |

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

### 5.3 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP:

| | | Effective for the period beginning on or after |
|---|---|---|
| **IFRS – 1** | First Time Adoption of IFRS | July 01, 2009 |
| **IFRS – 17** | Insurance Contracts | January 01, 2022 |

### 5.4 Waiver from application of IFRS 16 "Leases"

The SECP through S.R.O. 986(1)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) before January 1, 2019. The Company's arrangement with CPPA-G covered under respective EPAs and consequently are exempt under the aforesaid S.R.O. Under IFRS-16 Leases, the consideration required to be made by lessees CPPA-G for the right to use the asset would have been accounted for as finance lease. The Company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Consequently, if the Company were to follow IFRS 16 with respect to its EPA, the effect on the unconsolidated financial statements would be as follows:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| De-recognition of property, plant and equipment | (4,132,209,168) | (4,372,848,196) |
| Recognition of lease receivables | 18,545,557,578 | 19,567,543,221 |
| Increase in deferred tax liability | – | 4,406,461,557 |
| | | |
| Increase in un-appropriated (loss) / profit at beginning of the year | (195,027,833) | 235,909,659 |
| Decrease in profit for the year - net of tax | (1,129,049,229) | (430,937,492) |
| Increase in un-appropriated loss at end of the year | (1,324,077,062) | (195,027,833) |

### 5.5 Waiver from application of IFRS - 9 "Financial instruments"

On September 13, 2021, SECP exempted the application of Expected Credit Loss model under IFRS – 9 in respect of financial assets due from Government of Pakistan, through S.R.O. 1177 (I)/2021 for a limited period of one year up to June 30, 2022. Accordingly, the Company has applied the requirements of IAS – 39 in these unconsolidated financial statements with respect to calculation of impairment loss in respect of such financial assets.

## 6. SHARE CAPITAL

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| **6.1 Authorized share capital** | | |
| 75,000,000 (2020: 75,000,000) voting ordinary shares of Rs. 10 each | 750,000,000 | 750,000,000 |
| 25,000,000 (2020: 25,000,000) preference shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| | 1,000,000,000 | 1,000,000,000 |
| | | |
| **6.2 Issued, subscribed and paid up share capital** | | |
| 32,145,725 (2020: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash | 321,457,250 | 321,457,250 |
| 27,630,936 (2020: 27,630,936) voting bonus shares of Rs. 10 each fully paid | 276,309,360 | 276,309,360 |
| | 597,766,610 | 597,766,610 |

**6.2.1** Mr. Jahangir Khan Tareen, an Executive Director (2020: Chief Executive Officer & Executive Director) holds 9,552,293 (2020: 9,552,293) and Mukhdoom Syed Ahmad Mahmud, a Non-Executive Director (2020: Non-Executive Director) holds 16,493,932 (2020: 16,493,932) ordinary shares of Rs. 10 each representing 15.98% (2020: 15.98%) and 27.59% (2020: 27.59%) of the paid up capital of the Company respectively.

**6.2.2** The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. The Company does not pay dividend until certain financial requirements of lenders are satisfied.

## 7. SHARE PREMIUM RESERVE

This reserve can be utilized by the Company only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **8. LONG TERM FINANCES - SECURED** | | | |
| Mark-up bearing finances from conventional | | | |
| banks / financial institutions | 8.1.1 | 11,552,789,191 | 13,626,959,838 |
| Islamic mode of financing | 8.1.2 | 832,538,469 | 717,756,419 |
| | 8.1 & 8.4 | 12,385,327,660 | 14,344,716,257 |
| Less: Transaction cost | | | |
| As at 01 October | | (41,318,166) | – |
| Recognized during the year | | – | (45,975,000) |
| Amortization of transaction cost | 39 & 42 | 6,562,720 | 4,656,834 |
| As at 30 September | | (34,755,446) | (41,318,166) |
| | | 12,350,572,214 | 14,303,398,091 |
| Current maturity presented under current liabilities: | | | |
| Mark-up bearing finances from conventional | | | |
| banks / financial institutions | | (3,042,604,239) | (2,685,652,808) |
| Islamic mode of financing | | (312,102,568) | (135,217,950) |
| | 14 | (3,354,706,807) | (2,820,870,758) |
| | | 8,995,865,407 | 11,482,527,333 |

## 8.1 Long term finances - secured

| | | Mark-up / Interest basis | Limit | Loan duration | Grace period | Year of loan maturity | Principal outstanding 2021 | Principal outstanding 2020 |
|---|---|---|---|---|---|---|---|---|
| | | | Rupees | Years | Years | | Rupees | Rupees |
| 8.1.1 | **Mark-up bearing finances from conventional banks/ financial institutions** | | | | | | | |
| | The Bank of Punjab - Led Syndicate | | | | | | | |
| | The Bank of Punjab | *3mk + 1.10 | 2,036,641,666 | 06 Years | – | 2027 | 1,991,428,221 | 2,036,641,666 |
| | National Bank of Pakistan | 3mk + 1.10 | 1,225,000,000 | 06 Years | – | 2027 | 1,197,805,000 | 1,225,000,000 |
| | Askari Bank Limited | 3mk + 1.10 | 975,000,000 | 06 Years | – | 2027 | 953,355,000 | 975,000,000 |
| | MCB Bank Limited | 3mk + 1.10 | 816,666,667 | 06 Years | – | 2027 | 798,536,667 | 816,666,667 |
| | Dubai Islamic Bank Limited | 3mk + 1.10 | 816,666,667 | 06 Years | – | 2027 | 798,536,667 | 816,666,667 |
| | Pak Kuwait Investment Company (Pvt.) Limited | 3mk + 1.10 | 612,500,000 | 06 Years | – | 2027 | 598,902,500 | 612,500,000 |
| | MCB Islamic Bank Limited | 3mk + 1.10 | 612,525,000 | 06 Years | – | 2027 | 598,926,944 | 612,525,000 |
| | Askari Bank Limited (Islamic) | 3mk + 1.10 | 255,000,000 | 06 Years | – | 2027 | 249,339,000 | 255,000,000 |
| | | | 7,350,000,000 | | | | 7,186,829,999 | 7,350,000,000 |
| | MCB Bank Limited - Led Syndicate | | | | | | | |
| | MCB Bank Limited | 3mk + 1.00 | 1,000,000,000 | 07 Years | 1.5 Years | 2021 | – | 90,909,087 |
| | Allied Bank Limited | 3mk + 1.00 | 940,000,000 | 07 Years | 1.5 Years | 2021 | – | 85,454,541 |
| | The Bank of Punjab | 3mk + 1.00 | 800,000,000 | 07 Years | 1.5 Years | 2021 | – | 72,727,273 |
| | United Bank Limited | 3mk + 1.00 | 500,000,000 | 07 Years | 1.5 Years | 2021 | – | 45,454,539 |
| | Askari Bank Limited | 3mk + 1.00 | 500,000,000 | 07 Years | 1.5 Years | 2021 | – | 45,454,539 |
| | Meezan Bank Limited | 3mk + 1.00 | 350,000,000 | 07 Years | 1.5 Years | 2021 | – | 31,789,071 |
| | JS Bank Limited | 3mk + 1.00 | 150,000,000 | 07 Years | 1.5 Years | 2021 | – | 13,636,370 |
| | Habib Metropolitan Bank Limited | 3mk + 1.00 | 100,000,000 | 07 Years | 1.5 Years | 2021 | – | 9,090,909 |
| | | | 4,340,000,000 | | | | – | 394,516,329 |
| | Habib Bank Limited - SBP Refinance Scheme | **SBP Rate + 1.50 | 1,000,000,000 | 2.5 Years | 0.5 year | 2022 | 560,129,192 | 769,943,509 |
| | Habib Bank Limited | 6mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 187,500,000 | 250,000,000 |
| | MCB Bank Limited (II) | 3mk + 1.00 | 2,000,000,000 | 03 Years | 0.5 year | 2023 | 1,400,000,000 | 2,000,000,000 |
| | Pak Brunei Investment Company Limited | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2024 | 400,000,000 | 450,000,000 |
| | Askari Bank Limited (IV) | 3mk + 1.25 | 500,000,000 | 04 Years | 0.25 Year | 2024 | 400,000,001 | 500,000,000 |
| | Allied Bank Limited (I) | 3mk + 0.50 | 1,000,000,000 | 1.5 Years | – | 2021 | 333,329,999 | 1,000,000,000 |
| | Standard Chartered Bank (Pakistan) Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | – | 2022 | 150,000,000 | 250,000,000 |
| | Soneri Bank Limited (I) | 3mk + 1.00 | 300,000,000 | 05 Years | – | 2022 | 60,000,000 | 90,000,000 |
| | Soneri Bank Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2023 | 250,000,000 | 312,500,000 |
| | Pak Oman Investment Company Limited (I) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2021 | – | 25,000,000 |
| | Pak Oman Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2023 | 175,000,000 | 225,000,000 |
| | Pak Libya Holding Company Limited (I) | 3mk + 1.00 | 100,000,000 | 05 Years | – | 2021 | – | 10,000,000 |
| | Pak Libya Holding Company Limited (II) | 3mk + 1.00 | 450,000,000 | 05 Years | 0.5 Year | 2026 | 450,000,000 | – |
| | | | 8,850,000,000 | | | | 4,365,959,192 | 5,882,443,509 |
| | | | 20,540,000,000 | | | | 11,552,789,191 | 13,626,959,838 |
| 8.1.2 | **Islamic mode of financing** | | | | | | | |
| | Bank Alfalah Limited | 3mk + 0.90 | 500,000,000 | 05 Years | 01 Year | 2023 | 249,205,135 | 311,506,419 |
| | National Bank of Pakistan (II) | 3mk + 1.00 | 250,000,000 | 05 Years | 01 Year | 2024 | 239,583,334 | 250,000,000 |
| | Bank Islami Pakistan Limited | 3mk + 1.00 | 250,000,000 | 05 Years | 01 Year | 2026 | 250,000,000 | – |
| | Dubai Islamic Bank (Pakistan) Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 93,750,000 | 156,250,000 |
| | | | 1,500,000,000 | | | | 832,538,469 | 717,756,419 |
| | | | 22,040,000,000 | | | | 12,385,327,660 | 14,344,716,257 |

* 3 mk i.e. 3 months KIBOR

** SBP rate i.e. 0%

**8.2** The Company has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in different tranches on various dates during current and previous year, earmarked from running and cash finance limit, which is repayable in 8 quarterly installments to a commercial bank under the SBP Refinance Scheme. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been measured as difference between subsidized rate i.e. 0% KIBOR plus 150 bps per annum and prevailing market rate i.e. three months KIBOR plus 150 bps per annum which has been recognised as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 12 to these unconsolidated financial statements) and will be amortised to interest income in line with the recognition of interest expense the grant is compensating. The grant is conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme.

**8.3** Due to evolution of COVID-19 pandemic, the State Bank of Pakistan vide BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 allowed deferment of principal repayments for one year on loan obligations due to banks by a period of one year. The Company has availed this opportunity and deferred the loan repayments of long term financing accumulating to Rupees 10,075 million during the financial year 2020, accordingly, banks have approved the deferment / grace time of loan repayments as requested by the Company.

**8.4** Long term finances are secured against ranking / joint parri passu charge over all present and future fixed assets including land, building and plant and machinery of the Company amounting to Rs. 20,374 million (2020: Rs. 19,439 million) and personal guarantees of sponsor directors of the Company.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **9. LEASE LIABILITIES** | | | |
| Balance at beginning of the year | | 1,460,474,747 | 224,596,749 |
| Impact of initial application of IFRS 16 | | – | 1,508,973,262 |
| Adjusted balance as at 01 October | | 1,460,474,747 | 1,733,570,011 |
| Additions during the year | | 1,405,892,658 | 398,032,110 |
| Impact of early termination | | (41,641,412) | – |
| Impact of remeasurment of lease liabilities | | (9,423,355) | (1,219,120) |
| Finance cost regarding lease arrangement | 39 | 178,103,402 | 190,947,774 |
| Lease payments | | (889,296,947) | (860,856,028) |
| | 9.1 | 2,104,109,093 | 1,460,474,747 |
| Less: Current maturity presented under current liabilities | 14 | (790,380,467) | (693,883,524) |
| **Balance at end of the year** | 9.2 | 1,313,728,626 | 766,591,223 |

**9.1** This includes lease obligation of Rs. 15.102 million towards Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary of the Company.

**9.2** This includes Rs. 424.124 million and Rs. 26.991 million (2020: Rs. 194.97 million and Rs. 56.80 million) outstanding under Diminishing Musharakah financing arrangement and conventional banks respectively.

**9.3** Implicit borrowing rate against lease liabilities towards financial institutions is six month KIBOR plus 100 to 110 bps per annum (2020: six month KIBOR plus 100 bps per annum). The Company has the option to purchase the leased assets upon completion of lease period and has the intention to exercise such option.

Leases from commercial banks / Islamic financial institution are secured against charge on the leased assets and security deposits (for details, refer to note 21 & 25).

**9.4** The maturity analysis of lease liabilities is presented in note 44.1.2 to these unconsolidated financial statements.

**9.5** The incremental borrowing rate applied to lease liabilities related to land and building ranging from 8.65% to 14.9% (2020: 14.9%).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **10. DEFERRED TAXATION** | | | |
| Deferred tax liability on taxable temporary differences | | | |
| arising in respect of: | | | |
| - accelerated tax depreciation on operating fixed assets | | 2,871,733,322 | 2,929,274,457 |
| - right-of-use assets | | 468,519,362 | 305,636,276 |
| | | 3,340,252,684 | 3,234,910,733 |
| Deferred tax asset on deductible temporary differences | | | |
| arising in respect of: | | | |
| - lease liabilities against right-of-use assets | | (527,507,973) | (382,484,192) |
| - provisions for doubtful debts and obsolescence | | (63,777,818) | (65,671,946) |
| - provision for Workers' Profit Participation Fund | | (61,680,978) | (35,185,979) |
| - provision for Workers' Welfare Fund | | (16,280,581) | (13,370,672) |
| - tax losses | | (186,624,114) | (281,207,335) |
| - staff retirement benefits | | (19,969,633) | (32,773,410) |
| - tax credits | 10.1 | (2,139,697,529) | (1,430,215,997) |
| | | (3,015,538,626) | (2,240,909,531) |
| - Unrecognized deferred tax liability related to | | | |
| operating fixed assets of bagasse based Co-Generation | 4.9.2 | (692,741,608) | – |
| | 10.3 | (368,027,550) | 994,001,202 |

**10.1** As of reporting date, the Company has not recognised deferred tax assets on tax credits amounting to Rs. NIL (2020: Rs. 224.87 million having expiry upto tax year 2022) in line with accounting policies of the Company as stated in note 4.9 to these unconsolidated financial statements.

**10.2** Deferred tax assets and liabilities have been recognised using the expected applicable rate of 29%.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **10.3 Movement in deferred tax balances is as follows:** | | | |
| As at 01 October | | 994,001,202 | 721,985,832 |
| Recognized in statement of profit or loss: | | | |
| - accelerated tax depreciation on operating fixed assets | | (750,282,743) | (139,298,804) |
| - right-of-use assets | | 162,883,086 | 305,636,276 |
| - lease liabilities against right-of-use assets | | (145,023,781) | (382,484,192) |
| - provisions for doubtful debts and obsolescence | | 1,894,128 | (22,386,713) |
| - provision for Workers' Profit Participation Fund | | (26,494,999) | (31,521,911) |
| - provision for Workers' Welfare Fund | | (2,909,909) | (13,370,672) |
| - staff retirement benefits | | 14,188,756 | (6,451,843) |
| - tax losses | | 94,583,221 | 363,259,254 |
| - origination and reversal of tax credits | | (709,481,532) | 174,551,539 |
| - lease assets | | – | (66,753,015) |
| - liabilities against assets subject to finance lease | | – | 65,133,057 |
| - impairment of investment in associate | | – | 26,100,000 |
| | 40 | (1,360,643,773) | 272,412,976 |
| Recognized in other comprehensive income: | | | |
| - staff retirement benefits | | (1,384,979) | (397,606) |
| | 10 | (368,027,550) | 994,001,202 |

## 11. RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2021 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **11.1** | **Statement of financial position reconciliation** | | | |
| | Present value of defined benefit obligation | 11.2 | 240,194,734 | 189,817,372 |
| | Fair value of plan assets | 11.3 | (184,207,482) | (85,201,349) |
| | **Net liability at end of the year** | | 55,987,252 | 104,616,023 |
| **11.2** | **Movement in liability for funded defined benefit obligation** | | | |
| | Present value of defined benefit obligation at beginning of the year | | 189,817,372 | 158,380,380 |
| | Current service cost for the year | | 20,868,916 | 19,955,012 |
| | Interest cost for the year | | 17,481,891 | 19,194,455 |
| | Benefits paid during the year | | (17,956,826) | (7,802,123) |
| | Past service cost | | 25,454,105 | – |
| | Remeasurement on obligation | | 4,529,276 | 89,648 |
| | **Present value of defined benefit obligation at end of the year** | 11.1 | 240,194,734 | 189,817,372 |
| **11.3** | **Movement in fair value of plan assets** | | | |
| | Balance at beginning of the year | | 85,201,349 | 83,263,732 |
| | Return on plan assets excluding interest income | | 12,534,635 | 9,985,088 |
| | Contributions made during the year | | 104,674,839 | 1,036,059 |
| | Remeasurement on plan assets | | (246,515) | (1,281,407) |
| | Benefits paid during the year | | (17,956,826) | (7,802,123) |
| | **Fair value of plan assets at end of the year** | 11.1 | 184,207,482 | 85,201,349 |
| **11.4** | **Charge for the year** | | | |
| | **Statement of profit or loss** | | | |
| | Current service cost | | 20,868,916 | 19,955,012 |
| | Interest cost for the year | | 17,481,891 | 19,194,455 |
| | Return on plan assets excluding interest income | | (12,534,635) | (9,985,088) |
| | Past service cost | | 25,454,105 | – |
| | | | 51,270,277 | 29,164,379 |
| | **Other comprehensive income** | | | |
| | Remeasurement on obligation | | 4,529,276 | 89,648 |
| | Remeasurement on plan assets | | 246,515 | 1,281,407 |
| | | | 4,775,791 | 1,371,055 |
| | | | 56,046,068 | 30,535,434 |
| **11.5** | **Movement in experience losses** | | | |
| | Opening experience losses | | – | – |
| | Experience losses | | (4,775,791) | (1,371,055) |
| | Charge to other comprehensive income | | 4,775,791 | 1,371,055 |
| | Closing experience losses | | – | – |

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Break up of plan assets** | **Rupees** | **%** | **Rupees** | **%** |
| Units of mutual funds | 50,672,665 | 28% | 58,257,557 | 68% |
| Term Deposit Receipts | 110,520,765 | 60% | – | 0% |
| Cash at bank | 23,014,052 | 12% | 26,943,792 | 32% |
| | 184,207,482 | 100% | 85,201,349 | 100% |

**11.6 Risks on account of defined benefit plan**

The Company faces the following risks on account of defined benefit plan:

**Final salary risk -** The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Longevity Risks -** The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Investment risk -** The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

**Withdrawal risks -** The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

**11.7 Expected future contribution**

Expected future contribution for the year ending 30 September 2022 is Rs. 26.246 million (2020: Rs. 13.33 million).

**11.8 Actuarial assumptions sensitivity analysis**

The below sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in these unconsolidated statement of financial position. If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 September 2021 would have been as follows:

| | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|
| | | 2021 | | 2020 | |
| | **Change** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| | | Rupees | | | |
| Discount rate | 100 BPS | (19,484,759) | 22,824,367 | (16,344,062) | 17,210,034 |
| Salary growth rate | 100 BPS | 22,016,306 | (19,152,247) | 16,563,968 | (16,077,812) |

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

| | | 2021 | 2020 |
|---|---|---|---|
| **11.9** | **Principal actuarial assumptions used** | | |
| | Valuation discount rate | 10.50% | 9.75% |
| | Salary increase rate | 10.50% | 9.75% |
| | Expected return on plan assets | 10.50% | 9.75% |
| | Average expected remaining working | | |
| | life time of employees | 8.8 | 8.8 |
| | Mortality rate | SLIC 2001 - 2005 | SLIC 2001 - 2005 |
| | Withdrawal rate | Moderate | Medium |

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **11.10** | **Maturity profile** | | |
| | 1 - 5 years | 97,416,889 | 86,576,460 |
| | 6 - 10 years | 119,242,326 | 83,288,681 |
| | 11 - above years | 701,367,483 | 483,588,801 |

## 12. DEFERRED INCOME - GOVERNMENT GRANT

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | 63,389,822 | – |
| Recognized during the year | 8.2 | 7,765,698 | 76,280,492 |
| Amortized during the year | 39 | (47,767,213) | (12,890,670) |
| | | 23,388,308 | 63,389,822 |
| Less: Current maturity presented | | | |
| under current liabilities | 14 | (22,703,093) | (45,366,858) |
| **Balance as at 30 September** | | 685,215 | 18,022,964 |

## 13. SHORT TERM BORROWINGS

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **Mark-up based borrowings from conventional banks - secured** | | | |
| - Cash finances | 13.1 | 499,908,687 | 1,823,866,061 |
| - Running finances | 13.2 | 1,220,634,383 | 2,053,749,853 |
| - Inland bill discounting | 13.3 | – | – |
| - Finance against trust receipts | 13.4 | 69,569,806 | 76,872,572 |
| | | 1,790,112,876 | 3,954,488,486 |
| **Islamic mode of financing - secured** | | | |
| - Salam / Istisna / Musawamah finances | 13.5 | – | 1,433,500,000 |
| - Morabaha / Karobar/ Musharakah finances | 13.6 | 225,000,000 | 1,300,000,000 |
| | | 225,000,000 | 2,733,500,000 |
| **Borrowings from related party - unsecured** | | | |
| - Deharki Sugar Mills (Private) Limited | 13.7 | 1,000,000,000 | 2,620,000,000 |
| | | 3,015,112,876 | 9,307,988,486 |

**13.1** The Company had availed cash finance facilities from various banks aggregated to Rs. 9,200 million (2020: Rs. 9,550 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 50 to 125 bps per annum (2020: one to three months KIBOR plus 20 to 100 bps per annum) on utilized limits. These facilities are secured against pledge charge over white refined sugar bags at 15% to 25% margin and personal guarantees of sponsor directors of the Company.

**13.2** The Company has obtained running finance facilities aggregating to Rs. 1,771 million (2020: Rs. 2,046 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 75 to 100 bps per annum (2020: one to three months KIBOR plus 65 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Company and personal guarantees of the sponsor directors of the Company.

**13.3** The Company has not obtained inland bill discounting facility during current year (2020: Rs. 1,300 million and fully settled). The mark-up rates applicable during the previous year ranges from one to three months KIBOR plus 50 to 100 bps per annum. These were secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and personal guarantees of the sponsor directors of the Company.

**13.4** The limit of finance against trust receipt facility is Rs. 380 million (2020: Rs. 479 million). It carries mark-up ranging from one to six months KIBOR plus 100 bps per annum (2020: one to six months KIBOR plus 100 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and personal guarantees of the sponsor directors of the Company.

**13.5** The Company has obtained Salam / Istisna / Musawamah financing facilities from various banks and financial institutions aggregating to Rs. 6,510 million (2020: Rs. 5,885 million). The mark-up rates applicable during the year ranging from three to six months KIBOR plus 50 to 100 bps per annum (2020: three to twelve months KIBOR plus 20 to 100 bps per annum). These are secured against pledge charge over white refined sugar bags at 15% to 25% margin and personal guarantees of sponsor directors of the Company.

**13.6** The Company has obtained Morabaha / Karobar / Musharakah finance facilities aggregating Rs. 225 million (2020: Rs. 1,300 million). The mark-up rates applicable during the year ranges from three months to one year KIBOR plus 75 to 100 bps per annum (2020: three to six months KIBOR plus 75 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and personal guarantees of the sponsor directors of the Company.

**13.7** This represents interest bearing loan received from Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary, to meet working capital requirements at an average interest rate ranges from 8.26% to 8.57% per annum (2020: 8.05% to 14.86% per annum).

**13.8** The available facilities for opening letters of credit and guarantee as on the reporting date aggregate to Rs. 1,550 million (2020: Rs. 1,277 million) which includes Rs. 250 million sub-limit of FATR facility. Further, facilities of amounting Rs. 300 million (2020: Rs. 350 million) remain unutilized as on reporting date. These are secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Company and by lien over import documents, and personal guarantees of the sponsor directors of the Company.

**13.9** Credit facilities as mentioned in note 13.2 to 13.4, 13.6 & 13.8 are secured by an aggregate amount of Rs. 6,773 million (2020: Rs. 13,108 million ) as at reporting date.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **14.** | **CURRENT PORTION OF NON-CURRENT LIABILITIES** | | | |
| | Long term finances - secured | 8 | 3,354,706,807 | 2,820,870,758 |
| | Lease liabilities | 9 | 790,380,467 | 693,883,524 |
| | Deferred income - Government grant | 12 | 22,703,093 | 45,366,858 |
| | | | 4,167,790,367 | 3,560,121,140 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **15.** | **TRADE AND OTHER PAYABLES** | | | |
| | Trade and other creditors | 15.1 | 1,032,234,146 | 1,208,476,425 |
| | Sales tax payable | | 337,672,323 | 358,115,490 |
| | Accrued expenses | 15.2 | 97,732,546 | 267,342,485 |
| | Payable to Workers' Profit Participation Fund | 15.3 | 234,729,641 | 130,039,744 |
| | Payable to Workers' Welfare Fund | 15.4 | 61,956,458 | 49,415,103 |
| | Tax deducted at source | | 37,399,165 | 44,380,178 |
| | Payable to Employees' Provident Fund | | 20,008,055 | 16,507,388 |
| | Retention money | | 6,433,802 | 16,631,161 |
| | Due to related parties | 15.5 | 222,234,228 | 1,009,027 |
| | Agriculture Income Tax payable | | 1,267,574 | 2,031,181 |
| | Other payables | 15.6 | 147,865,070 | 157,739,391 |
| | | | 2,199,533,008 | 2,251,687,573 |

**15.1** Payable to growers is Rs. Nil as at 30 September 2021 (2020: Rs. Nil).

**15.2** This includes Rs. 60.78 million (2020: Rs. 68 million) in respect of market committee fee (for details, refer to note 19.1.20).

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **15.3** | **Payable to Workers' Profit Participation Fund** | | | |
| | Balance as at 01 October | | 130,039,744 | 12,634,718 |
| | - allocation for the year | 38 & 42 | 234,729,641 | 130,039,744 |
| | - interest on funds utilized | 39 | 5,800,911 | 2,907,716 |
| | | | 370,570,296 | 145,582,178 |
| | Less: Paid during the year | | (135,840,655) | (15,542,434) |
| | **Balance as at 30 September** | | 234,729,641 | 130,039,744 |
| | | | | |
| **15.4** | **Payable to Workers' Welfare Fund** | | | |
| | Balance as at 01 October | | 49,415,103 | – |
| | Allocation for the year | 38 & 42 | 12,541,355 | 49,415,103 |
| | **Balance as at 30 September** | | 61,956,458 | 49,415,103 |

**15.5** This represents payable to Deharki Sugar Mills (Private) Limited, a wholly own subsidiary, amounted to Rs. 222.234 million (2020: Rs. nil) in respect of purchase of bagasse and Agro Industrial Solution amounted to Rs. nil (2020: Rs. 1.09 million) in respect of rendering of consultancy services by the key management personnel respectively. Further, during the previous year, Chief Executive of the Company had provided the short term advance amounting to Rs. 35 million to the Company for meeting its working capital requirements. However, such advance has been fully repaid during the previous year.

**15.6** It includes deposits taken from employees against sale of vehicles as per the Company's car finance scheme.

## 16. ADVANCES FROM CUSTOMERS

Consideration received from customers during financial year 2020 also includes taxes payables to Government authorities in respect of sale of sugar bags.

## 17. UNCLAIMED DIVIDEND

As at the reporting date, the Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| **18. ACCRUED PROFIT / INTEREST / MARK-UP** | | |
| **Mark-up on financing / borrowings from conventional banks / financial institutions:** | | |
| - Long term finances - secured | 193,356,781 | 191,749,264 |
| - Short term borrowings - secured | 45,996,038 | 88,815,773 |
| | 239,352,819 | 280,565,037 |
| **Profit on Islamic mode of financing:** | | |
| - Long term finances - secured | 10,089,773 | 5,481,804 |
| - Short term borrowings - secured | 1,862,158 | 36,512,424 |
| | 11,951,931 | 41,994,228 |
| | 251,304,750 | 322,559,265 |

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

**19.1.1** The tax department issued a show cause notice to the Company on 09 April 2013 on the grounds that the Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 50.68 million. Consequently, the Company filed a writ petition against this notice in the Honorable Lahore High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice vide its order dated 24 April 2013 and the final outcome of the case is pending. Management of the Company expects a favorable outcome in this case.

**19.1.2** The Company was selected for audit u/s 177 of Income Tax Ordinance, 2001 ("I.T.O") for Tax year 2008. Assistant Commissioner of Inland Revenue ("ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. The Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR(A)"), who vide order dated 06 April 2010 decided appeal in favor of the Company on most of the issues. The department filed an appeal before Appellate Tribunal Inland Revenue ("ATIR"). Respectable ATIR passed an order in favor of the Company except for two issues with an aggregate amount of Rs. 72.57 million. The Company has filed an appeal before Honorable Lahore High Court, against the order of the ATIR. The management of the Company is confident that this case will be decided in its favor.

**19.1.3** The Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O for Tax year 2008. The Company has filed Writ Petition before Honorable Lahore High Court ("Court") against selection of audit which was rejected by the court. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ("DCIR") passed order u/s 122(4)/(5) by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22-12-2017. The Company filed an appeal before CIR(A), who passed ex-parte order against the Company. The Company has filed second appeal before ("ATIR"). Appeal was heard and matter has been remanded back for denovo consideration.

**19.1.4** Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O for tax year 2011 confronting several matters. The said notice was duly complied and plea of the Company was largely accepted by the department. ACIR passed order u/s 122(5A) by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30-06-2017. The Company filed an appeal before CIR(A). The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

**19.1.5** The Company was selected for audit u/s 177 of I.T.O for Tax year 2014. DCIR passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Company has filed an appeal before CIR(A) who vide order dated 07-03-2018 accepted the tax payer contention and has granted relief on major issues amounting Rs. 127.03 million and upheld the remaining issues amounting to Rs. 36.15 million. The Company has filed second appeal before ATIR against the issues. The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

**19.1.6** The Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period from June 2013 to July 2014 by the FBR. A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Company has filed an appeal before CIR(A) who vide dated 08-02-2018 has granted relief amounting Rs. 57.37 million and the remaining issues with an aggregate amount of Rs. 12.62 million were upheld. The Company has filed second appeal before ATIR. The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

**19.1.7** The Company was selected for audit u/s 214C of I.T.O for Tax year 2016. ACIR passed order u/s 122(4) / 122(5) by making additions on different issues amounting to Rs. 503 million by reducing brought forward losses. The Company has filed an appeal before CIR(A) which is pending for adjudication. The management of the Company is confident that this case will be decided in its favor.

**19.1.8** The Company has filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of I.T.O has been reduced from 10% to 5% for the Tax Year 2019 and period for availing this credit has also been restricted till 30 June 2019. The Company has claimed tax credit at the rate of 10% for the year ended 30 September 2018 and 30 September 2019 amounting to Rs. 254.9 million and Rs. 96.8 million respectively. Management of the Company expects a favorable outcome in this case.

**19.1.9** A show-cause notice u/s 122(5) was served by DCIR for tax year 2015 confronting bank credits to the Company. The said notice duly complied and the plea of the Company was accepted to some extent in the order dated 15-06-2021. As a result, demand amounting to Rs. 1,555 million was created on account of unexplained bank credits. The Company has filed an appeal before CIR (A) which is still pending for adjudication. The management of the Company is hopeful of a favorable outcome. Further, stay against recovery of such demand from the Honorable ATIR was granted.

**19.1.10** A show-cause notice u/s 122(5A)/122(9) was served by Additional CIR for tax year 2015 to the Company confronting several matters. The notice was duly complied and the plea of the taxpayer was largely accepted in the order dated 02-07-2021. As a result, demand for Rs. 258.8 million was created on account of proration of expenses and advances from customers. The Company has filed an appeal before CIR (A) which is still pending. The management of the Company is hopeful of a favorable outcome. Further, stay against recovery of demand from the Honorable ATIR was granted.

**19.1.11** A show cause notice under Sale Tax Act, 1990 was served to the Company confronting matter of disallowance of input sale tax. The said notice was duly complied and plea of the Company was rejected and a demand of Rs. 19.7 million was created through order dated 09-09-2020. The Company, being aggrieved, has filed an appeal before CIR (A) who in its order having no. 16/A-V dated 30-04-2021 upheld the decision of DCIR. The Company, being aggrieved, filed second appeal before ATIR and the same is pending for adjudication. The management of the Company is hopeful of a favorable outcome. Further, stay against recovery of demand from the Honorable ATIR was granted.

**19.1.12** A show cause notice u/s 11(2) under Sale Tax Act, 1990 was served to the Company confronting matter of inadmissible input sale tax for period October 2016 to December 2016. The said notice was duly complied and plea of the Company was accepted to some extent and a demand of Rs. 13.3 million was created through order dated August 31, 2021. The Company, being aggrieved, filed an appeal before CIR (A) which is pending for adjudication. The management of the Company is hopeful of a favorable outcome. Further, stay against recovery of demand from the Honorable ATIR was granted.

**19.1.13** A show cause notice u/s 11(2) under Sale Tax Act, 1990 was served to the Company confronting matter of inadmissible input sale tax for period Jan 2017 to March 2017. The said notice was duly complied and plea of the Company was accepted to some extent and a demand of Rs. 21.86 million was created through order dated August 31, 2021. The Company, being aggrieved, filed an appeal before CIR (A) which is pending for adjudication. The management of the Company is hopeful of a favorable outcome.

**19.1.14** A show cause notice u/s 11(3) of under Sale Tax Act, 1990 was served to the Company confronting matter of suppression of sales. The said notice was duly complied and plea of the Company was rejected and a demand of Rs. 845.52 million was created dated July 10, 2020. The Company, being aggrieved, has filed appeal before CIR (A). The appeal was remanded back vide order No. 02/A-V, dated December 15, 2020. Thus, tax payable has become nil. The Company and the tax department both has challenged the decision of CIR (A) in ATIR. The hearing of the appeal is still pending. However, the management of the Company is hopeful for a favorable outcome.

**19.1.15** The Ministry of Interior (GoP) had constituted the Inquiry Commission under the Pakistan Commission of Inquiry Act, 2017 dated 16 March 2020 to probe into the increase in sugar prices in the country. The Commission of Inquiry selected 10 units of sugar mills including 3 units of the Company, accordingly report of the Inquiry Commission has been issued dated 21 May 2020. The Commission of Inquiry in its report has highlighted discrepancies with respect to Benami Transactions (Prohibition) Act, 2017 with respect to the standard business practice of Pakistan sugar industry. The Commission of inquiry has revealed that names of the brokers may be masked, by the sugar mills, and there is risk of sales in benami / fictitious names. The Commission of Inquiry in its report has also highlighted discrepancies in crushing capacity of the Company (refer to note 47) and claimed that such enhancement and enlargement was made in the period of ban on capacity enhancement/enlargement. (Show cause notices have already been issued by the Directorate of Industries, Punjab for both Units I and II of the Company way back in 2014 and matter is still pending). In addition to above, Pakistan Sugar Mills Association (PSMA) along with its member sugar mills, including the Company, filed writ petition before the Honorable Islamabad High Court (IHC) challenging the initiation of inquiry, Constitution of the Commission Inquiry and all action taken pursuant thereto. Vide short order dated 20 June 2020 the writ petition was disposed off and the commission's report upheld. PSMA along with its member sugar mills, including the Company, challenged the order before the Division Bench of IHC in Intra Court Appeal (ICA) No. 156 of 2020. This ICA was dismissed on 08 August 2020. Thereafter, on 26 October 2020, PSMA and the Company filed Civil Petition for to Leave to Appeal (CPLA) No. 2697 of 2020 against the judgment dated 08 August 2020 before the Honorable Supreme Court of Pakistan. The Company has a good prima facie case.

**19.1.16** A petitioner has filed Constitution Petition (CP) No. 3823 of 2018 in the Honorable High Court of Sindh against the Company (Unit III at Ghotki) along with other sugar mills dated 15 May 2018 for withdrawal/ cancellation/refunding of the cash freight subsidy on sugar export approved by the Cabinet Economic Coordination Committee and additional cash freight subsidy approved by the Sindh Cabinet. The management of the Company based on legal advisor believes that the matter will ultimately be decided in favor of the Company.

**19.1.17** The matter of fixation of minimum price of sugarcane fixed under relevant notifications for crushing season 2014-2015 and 2017-2018 issued by the Government of Sindh was challenged before the Honorable High Court of Sindh (the Honorable Court) by Sugar Mills including Unit III of the Company. During the proceedings, an interim arrangement was reached out between the parties which along with fate of remaining differential amount per 40 kg i.e. Rs. 10 (Rs. 182 and 172) and Rs. 22 (Rs. 182 and Rs. 160) for respective crushing seasons will be dependent upon the decision of the Honorable Supreme Court of Pakistan in Apeal. The management of the Company believes that the matter will ultimately be decided in favor of the Company. Furthermore, the Company along with other sugar mills have also filed petition in the Honorable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honorable Supreme Court.

**19.1.18** The Sindh Abadgar Board and Sindh Grower Alliance have filed Constitution Petitions against PSMA and various sugar mills in Sindh including the Company (Unit - III). Through these petitions, the petitioners sought an implementation of Supreme Court order dated 05 March 2018, in the quality premium payment from sugar mills. The legal counsel of the Company is of the view that the Supreme Court has now simply prescribed the criteria for future. However, the Company (Unit - III) has already paid price higher than the minimum notified price since the order of the Supreme Court.

**19.1.19** The Company (Unit II) is in a civil suit no. 1296 of 2015 against plaintiff who has claimed a sum of Rs. 446 million and entitlement to retain the possession of and run the Unit II unless the dues of the plaintiff have been fully paid.

**19.1.20** The Secretary and Administrator of the Market Committee (MC) issued notices to Units I and II of the Company demanding arrears on account of market fee for crushing season 2016-2017 to 2018-2019 amounting to Rs. 16.45 million. The Matter is pending adjudication. The Company has filed an appeal before the Director Agriculture (E&M) against such notices which is pending adjudication.

Further, the Company was in a Constitutional Writ Petition challenging notification No. DIR (FB) XV-II8I-VIII dated 02 August 2017 issued by the Govt of the Punjab whereby market committee fee was enhanced for purchase of sugarcane from 50 paisa to 1 rupee per 100 kg and for Sugar & molasses from 1 rupee to 2 rupees per 100 kg vide order dated 18.12.2020 the said writ petition was referred to the Secretary Agriculture for deciding the grievance in the light of new legal framework. However, the Secretary Agriculture, Govt. of Pakistan via order dated 07 July 2021 concluded that said notification is valid from its issuance and demanded Rs. 76.8 million. The Company has filed an W.P. 55108/2021 against above order and notification. The High Court of Lahore has restrained the authorities from taking any coercive measures. The case is currently pending adjudication. (for details, refer to note 15.2).

**19.1.21** The Company has filed a writ petition no. 2739 against National Electric Power Regularity Authority (NEPRA) & Others in the Islamabad High Court (IHC). Through this writ petition, the Company has impugned the NEPRA in the matter of suo moto review proceedings regarding modification of fuel price mechanism of bagasse-based power project in 2013 upfront tariff. The IHC has vide its order dated 26 July 2019 suspended the impugned modification.

**19.1.22** Punjab Employees Social Security (PESSI) vide different notifications issued from 2012 to 2017 enhanced monthly wage ceiling from Rs. 10,000 to Rs. 22,000 for contribution of every ensured person @ 6%. The Company (Units I and II) along with other petitioners filed writ petition no. 135666/2018 before the Lahore High Court by challenging these notifications, however, the matter was decided against the Company dated 12 June 2019. Thereafter, ICA 42845/2019 against the mentioned order has been filed by the Company. In the said ICA, the impugned judgment dated 12 June 2019 was suspended and PESSI was restrained from recovering any amount from the Company consequent of the findings in the impugned judgement and notification was challenged.

**19.1.23** Federal Investigation Agency has registered various cases revolving around issues like Money Laundering and collusion against accused from within the Company for misappropriation of public holder money. As per legal counsel of the Company, it would be a disservicing to the Company to make an assessment of financial loss that could be incurred as still now police investigation report is not out in the open.

**19.1.24** The Company has filed a WP 59553/2021 against Federation of Pakistan in the Honorable Lahore High Court and challenging the lifting of sugar from the mill at ex-mill price as determined Rs. 84.75/kg through SRO. 1259(I)2021 dated 21 September 2021. However, such WP has disposed off vid order dated 29 September 2021 and concluded that benefit shall be extended to consumers for any excess amount charged as per above mentioned SRO and appellate Committee Order dated 07 October 2021. However, the Company has filed intera court appeal 61698/2021 and WP 63011 & 61692/201 in the Honorable Lahore High Court against such order and notification.

**19.1.25** Employee Old Age Benefits Institution (EOBI) issued show cause notices to the Company demanding an amount of Rs. 7,084,800 and Rs. 5,313,600 in respect of employees of Unit-I & Unit-II respectively for the period October, 2015 to September, 2016. The Company has filed complaint before Adjudicating Authority, Lahore for setting aside of impugned notices. However, the Adjudicating Authority passed an order dated 08 December 2020 against the Company and directed to recover the demanded amount immediately. The Company has filed appeal against such order. The matter is pending adjudication.

**19.1.26** The Honorable Sindh High Court passed an order in C.P. no. D-1313/2013 dated 12 February 2018, according to which, in the case of trans-provincial companies, the companies are required to pay Workers' Profit Participation Fund (WPPF) under the Sindh Companies Profits (Workers' Participation Act), 2015. Sindh Revenue Board (SRB) vide the impugned judgment issued notice to the Company for the non payment of WPPF as per the impugned judgment. The Company has filed an appeal against this order in the Honorable Supreme Court and impugned judgment of the Honorable Sindh High Court has been suspended. However, allocation for the year has been recognized in accordance with provision of the Companies Profit (Workers' Participation) Act, 1968 (for details, refer to note 15.3).

**19.1.27** The Company received various show cause notice from the Sindh Revenue Board (SRB) demanding payment of Sindh Workers' Welfare Fund for the period 2015 to 2017 for Rs. 116 million. The Company has challenged the said notice in High Court of Sindh on the ground that after the 18th Amendment, SRB and Federation of Pakistan, both can only collect Workers' Welfare Fund (WWF) from the Company after a law is enacted catering to WWF collection from trans-provincial organizations. Further, august Supreme Court of Pakistan, in CA. No. 1583 of 2014 has held that exclusive jurisdiction rested with the Parliament and Federation of Pakistan in respect of labour matters of trans-provincial organizations. The Federation of Pakistan and the Province of Sindh along with SRB have been made parties in the said matter. The Company's legal counsel is of the view that the Company, being a trans-provincial organization, has a good chance of success. However, provision for the year has been recognized in accordance with the Workers Welfare Fund Ordinance, 1971(2020: Sindh Workers Welfare Fund (Amendment) Act, 2018) (for details, refer to note 15.4).

**19.1.28** Certain cases have been filed against the Company by some former employees. No provision has been made in these unconsolidated financial statements as the management of the Company, based on the advice of its legal advisors handling the subject cases, is of the opinion that matters shall be decided in the Company's favour. The claims amount can't be quantified due to nature of the claims.

Based on the opinion of the Company's legal advisors, management is expecting a favorable outcome of the above cases from 19.1.17 to 19.1.25 & 19.1.27 to 19.1.28. Therefore, no provision has been recognized in these unconsolidated financial statements.

**19.1.29** Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 758 million (2020: Rs. 672 million).

**19.1.30** The Company has availed Growers financing facilities from various banks aggregated to Rs. 1,315 million (2020: Rs. 671 million). The mark-up rates applicable during the year ranges from one year KIBOR plus 240 to 250 bps per annum (2020: one year KIBOR plus 240 to 250 bps per annum). These facilities are secured against counter guarantee on account of agricultural loan as at the reporting date amounts to Rs. 2,520 million (2020: Rs. 2,353 million) and personal guarantees of sponsor directors of the Company (for details, refer to note 30.1).

**19.1.31** Guarantees issued by the banks on behalf of the Company in favor of Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited, wholly owned subsidiary companies, as at the reporting date aggregate amounts to Rs. 38 million (2020: Rs. 37 million).

**19.1.32** The Company has issued cross corporate guarantees of Rs. 751.3 million (2020: Rs. nil) on behalf of Deharki Sugar Mills (Private) Limited - wholly owned subsidiary, to secure the obligations of subsidiary company towards their lenders.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **19.2 Commitments** | | | |
| **19.2.1** Letters of credit for import of machinery and its related components | 19.2.1.1 | 201,323,470 | 111,385,896 |

**19.2.1.1** It includes shipping guarantee amounting to Rs. 8.812 million (2020: Rs. Nil).

**19.2.2** Commitments in respect of operation and maintenance cost of Co-Generation Power Plants contracted for but not incurred as at 30 September 2021 amounts to Rs. 115.33 million (2020: Rs. 344 million).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **20. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 20.1 | 19,522,518,881 | 20,619,247,850 |
| Capital work in progress | 20.2 | 60,266,380 | 14,599,420 |
| Stores, spare parts and loose tools held for capital expenditure | 20.3 | 88,006,362 | 138,575,350 |
| | | 19,670,791,623 | 20,772,422,620 |

## 20.1 Operating fixed assets

### 20.1.1 Reconciliation of ending balances by classes of assets is as follows:

| | Cost | | | | | Depreciation | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2020 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2021 | Rate | As at 01 October 2020 | For the year | Transfers / (deletions) during the year | Impairment | As at 30 September 2021 | Carrying amount as at 30 September 2021 |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Owned** | | | | | | | | | | | |
| Freehold land | 1,686,376,559 | 43,281,688 | - | 1,729,658,247 | - | - | - | - | - | - | 1,729,658,247 |
| | | - | | | | | | - | | | |
| Factory building on freehold land | 2,308,492,739 | - | - | 2,292,797,850 | 10 | 1,181,256,549 | 112,723,619 | - | - | 1,281,155,562 | 1,011,642,288 |
| | | (15,694,889) | | | | | | (12,824,606) | | | |
| Non-factory building on freehold land | 819,023,860 | 14,551,040 | - | 833,290,595 | 5-20 | 337,721,530 | 26,474,065 | - | - | 364,195,595 | 469,095,000 |
| | | (284,305) | | | | | | - | | | |
| Plant and machinery | 23,056,864,049 | 42,697,086 | - | 22,525,456,883 | 5-20 | 7,352,679,660 | 809,538,021 | - | 10,887,791 | 7,676,195,911 | 14,849,260,972 |
| | | (574,104,252) | | | | | | (496,909,561) | | | |
| Sugarcane roots | 744,430,754 | 498,972,201 | - | 776,236,276 | 33 | 211,930,205 | 216,431,818 | - | - | 274,848,701 | 501,387,575 |
| | | (467,166,679) | | | | | | (153,513,322) | | | |
| Motor vehicles | 1,888,143,288 | 38,832,509 | 56,371,350 | 1,896,038,972 | 20 | 1,581,771,827 | 103,460,156 | 42,254,670 | - | 1,663,649,036 | 232,389,936 |
| | | (87,308,175) | | | | | | (63,837,617) | | | |
| Electrical installation | 176,505,071 | 5,546,060 | - | 174,808,018 | 10 | 88,140,247 | 9,089,582 | - | 1,290,867 | 93,284,487 | 81,523,531 |
| | | (7,243,113) | | | | | | (5,236,209) | | | |
| Office equipment | 71,762,252 | 1,515,276 | - | 73,189,228 | 20 | 51,285,216 | 4,876,930 | - | 4,691 | 56,080,012 | 17,109,216 |
| | | (88,300) | | | | | | (86,825) | | | |
| Tools and equipment | 80,966,565 | 1,718,099 | - | 78,480,510 | 10-20 | 37,520,402 | 4,460,822 | - | 176,886 | 38,699,346 | 39,781,164 |
| | | (4,204,154) | | | | | | (3,458,764) | | | |
| Furniture and fixture | 27,114,622 | 2,068,773 | - | 28,693,025 | 10 | 14,269,683 | 2,386,771 | - | 33,849 | 16,221,243 | 12,471,782 |
| | | (490,370) | | | | | | (469,060) | | | |

| | Cost | | | | Rate | Depreciation | | | | | Carrying amount as at 30 September 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2020 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2021 | | As at 01 October 2020 | For the year | Transfers / (deletions) during the year | Impairment | As at 30 September 2021 | |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Weighbridge | 40,823,357 | - | - | 40,223,357 | 10 | 24,447,291 | 1,637,607 | - | - | 25,529,080 | 14,694,277 |
| | | (600,000) | | | | | | (555,818) | | | |
| Roads and boundary wall | 95,300,302 | - | - | 95,300,302 | 10 | 59,075,968 | 3,622,433 | - | - | 62,698,401 | 32,601,901 |
| | | - | | | | | | - | | | |
| Arms and ammunitions | 8,224,057 | 237,500 | - | 8,237,117 | 10 | 5,817,662 | 258,534 | - | - | 5,886,898 | 2,350,219 |
| | | (224,440) | | | | | | (189,298) | | | |
| Fire fighting equipment | 82,815,232 | - | - | 82,815,232 | 20 | 61,520,448 | 4,258,957 | - | - | 65,779,405 | 17,035,827 |
| | | - | | | | | | - | | | |
| Aircrafts | 873,689,731 | 28,333,194 | - | 902,022,925 | 10-25 | 360,964,930 | 51,846,459 | - | - | 412,811,389 | 489,211,536 |
| | | - | | | | | | - | | | |
| Tube well | 8,607,613 | - | - | 8,607,613 | 10 | 5,101,964 | 350,565 | - | 6,997 | 5,459,526 | 3,148,087 |
| | | - | | | | | | - | | | |
| Computers | 76,628,411 | 4,522,255 | - | 79,393,189 | 33 | 53,017,030 | 8,651,392 | - | 52,029 | 60,235,866 | 19,157,323 |
| | | (1,757,477) | | | | | | (1,484,585) | | | |
| | 32,045,768,462 | 682,275,681 | 56,371,350 | 31,625,249,339 | | 11,426,520,612 | 1,360,067,731 | 42,254,670 | 12,453,110 | 12,102,730,458 | 19,522,518,881 |
| | | (1,159,166,154) | | | | | | (738,565,665) | | | |

**20.1.2** Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 517.34 million (2020: Rs. 941.40 million).

**20.1.3** Transfers to freehold land and motor vehicles represents transfer of land and vehicles from investment property and right-of-use assets at carrying value amounting to Rs. nil and Rs. 14.11 million (2020: Rs. 38.7 million and Rs. 10.5 million) respectively.

**20.1.4** Property, plant and equipment of the Company are kept secured with the banks under ranking and joint pari passu charge, for obtaining financing. This charge will exist till 31 January 2027. For details, refer to note 8.

**20.1.5** Operating fixed assets having carrying amount Rs. 78 (2020: Rs. Nil) as at 30 September 2021 have been retired from active use and not classified as held for sale in accordance with IFRS 5.

## 20.1.6 Reconciliation of beginning balances by classes of assets is as follows:

| | Cost | | | | | Depreciation | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2019 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2020 | Rate | As at 01 October 2019 | For the year | Transfers / (deletions) during the year | As at 30 September 2020 | Carrying amount as at 30 September 2020 |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Owned** | | | | | | | | | | |
| Freehold land | 1,647,672,459 | - | 38,704,100 | 1,686,376,559 | - | - | - | - | - | 1,686,376,559 |
| | | - | | | | | | - | | |
| Factory building on | 2,118,897,930 | 189,594,809 | - | 2,308,492,739 | 10 | 1,063,551,912 | 117,704,637 | - | 1,181,256,549 | 1,127,236,190 |
| freehold land | | - | | | | | | - | | |
| Non-factory building on | 817,210,579 | 1,813,281 | - | 819,023,860 | 5-20 | 312,232,733 | 25,488,797 | - | 337,721,530 | 481,302,330 |
| freehold land | | - | | | | | | - | | |
| Plant and machinery | 22,558,254,435 | 500,020,304 | - | 23,056,864,049 | 5-20 | 6,512,655,437 | 841,259,480 | - | 7,352,679,660 | 15,704,184,389 |
| | | (1,410,690) | | | | | | (1,235,257) | | |
| Sugarcane roots | 788,526,285 | 287,079,904 | - | 744,430,754 | 17 | 204,784,368 | 124,071,792 | - | 211,930,205 | 532,500,549 |
| | | (331,175,435) | | | | | | (116,925,955) | | |
| Motor vehicles | 1,904,943,951 | 25,137,400 | 10,552,000 | 1,888,143,288 | 20 | 1,465,871,843 | 150,511,754 | 5,515,888 | 1,581,771,827 | 306,371,461 |
| | | (52,490,063) | | | | | | (40,127,658) | | |
| Electrical installation | 170,440,405 | 6,064,666 | - | 176,505,071 | 10 | 78,760,109 | 9,380,138 | - | 88,140,247 | 88,364,824 |
| | | - | | | | | | - | | |
| Office equipment | 69,899,838 | 2,022,063 | - | 71,762,252 | 20 | 46,056,086 | 5,380,554 | - | 51,285,216 | 20,477,036 |
| | | (159,649) | | | | | | (151,424) | | |
| Tools and equipment | 78,773,669 | 2,192,896 | - | 80,966,565 | 10-20 | 32,803,104 | 4,717,298 | - | 37,520,402 | 43,446,163 |
| | | - | | | | | | - | | |
| Furniture and fixture | 25,257,698 | 1,885,872 | - | 27,114,622 | 10 | 12,102,831 | 2,185,668 | - | 14,269,683 | 12,844,939 |
| | | (28,948) | | | | | | (18,816) | | |
| Weighbridge | 40,823,357 | - | - | 40,823,357 | 10 | 22,627,728 | 1,819,563 | - | 24,447,291 | 16,376,066 |
| | | - | | | | | | - | | |

| | Cost | | | | | Depreciation | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2019 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2020 | Rate | As at 01 October 2019 | For the year | Transfers / (deletions) during the year | As at 30 September 2020 | Carrying amount as at 30 September 2020 |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| Roads and boundary wall | 94,889,081 | 411,221 | - | 95,300,302 | 10 | 55,079,520 | 3,996,448 | - | 59,075,968 | 36,224,334 |
| | | - | | | | | | - | | |
| Arms and ammunitions | 8,224,057 | - | - | 8,224,057 | 10 | 5,550,284 | 267,378 | - | 5,817,662 | 2,406,395 |
| | | - | | | | | | - | | |
| Fire fighting equipment | 82,815,232 | - | - | 82,815,232 | 20 | 56,196,751 | 5,323,697 | - | 61,520,448 | 21,294,784 |
| | | - | | | | | | - | | |
| Aircrafts | 873,689,731 | - | - | 873,689,731 | 10-25 | 303,995,507 | 56,969,423 | - | 360,964,930 | 512,724,801 |
| | | - | | | | | | - | | |
| Tube well | 8,607,613 | - | - | 8,607,613 | 10 | 4,712,447 | 389,517 | - | 5,101,964 | 3,505,649 |
| | | - | | | | | | - | | |
| Computers | 68,322,666 | 10,338,765 | - | 76,628,411 | 33 | 44,782,963 | 9,444,585 | - | 53,017,030 | 23,611,381 |
| | | (2,033,020) | | | | | | (1,210,518) | | |
| | 31,357,248,986 | 1,026,561,181 | 49,256,100 | 32,045,768,462 | | 10,221,763,623 | 1,358,910,729 | 5,515,888 | 11,426,520,612 | 20,619,247,850 |
| | | (387,297,805) | | | | | | (159,669,628) | | |
| **Leased** | | | | | | | | | | |
| Motor vehicles (note 20.1.7) | 313,494,127 | - | - | - | 20 | 83,311,318 | - | - | - | - |
| | | - | (313,494,127) | | | | | (83,311,318) | | |
| | 31,670,743,113 | 1,026,561,181 | 49,256,100 | 32,045,768,462 | | 10,305,074,941 | 1,358,910,729 | 5,515,888 | 11,426,520,612 | 20,619,247,850 |
| | | (387,297,805) | (313,494,127) | | | | | (242,980,946) | | |

**20.1.7** This represents leased assets reclassified to right-of-use assets (refer to note 21).

**20.1.8** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location | Usage of immovable property | Total area (Acres) |
|---|---|---|
| Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan | Manufacturing facility | 318.60 |
| Machi Goth, Sadiqabad, District Rahim Yar Khan | Manufacturing facility & Co-Gen Power Plant | 186.72 |
| Village Laluwali, District Ghotki | Manufacturing facility & Co-Gen Power Plant | 157.03 |
| 59-A, Gulberg, Lahore | Record room / space for corporate office | 0.65 |
| 29-B, Gulberg, Lahore | Rest house | 0.30 |
| Agricultural Land - Punjab (various locations) | Agriculture land | 1,014.32 |
| Agricultural Land - Sindh (various locations) | Agriculture land | 1,078.98 |

The buildings on freehold land and other immovable fixed assets of the Company are constructed / located at above mentioned freehold land.

**20.1.9** Land measuring 158.5 Kanals / 19.81 acres situated at Sadiqabad is under litigation by virtue of an appeal filed by the Company, whereby the Appellate Authority has granted stay order in the favour of the Company dated 08 November 2021.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **20.1.10 Depreciation charge for the year has been allocated as follows:** | | | |
| Cost of goods manufactured | 34.1 | 953,399,160 | 1,055,344,906 |
| Further cost charged on biological assets | 34.1.1.1 | 52,294,203 | 69,732,241 |
| Administrative expenses | 35 | 93,544,390 | 46,272,251 |
| Cost incurred on standing crops | 37.1.1 | 260,829,978 | 187,561,331 |
| | | 1,360,067,731 | 1,358,910,729 |

**20.1.11** Impairment charge for the year has been allocated to cost of goods manufactured.

**20.1.12 Detail of disposals of operating fixed assets**

The details of operating fixed assets disposed of / written off during the year are as follows:

| Description | Particulars of purchaser | Cost | Accumulated depreciation | Net book value | Sales value | Gain | Mode of disposal | Relationship with the Company |
|---|---|---|---|---|---|---|---|---|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| **Plant and machinery** | | | | | | | | |
| Generator | Deharki Sugar Mills (Private) Limited | 13,200,000 | 7,890,781 | 5,309,219 | 5,309,219 | - | Company policy | Subsidiary company |
| Steam Turbine | Deharki Sugar Mills (Private) Limited | 8,729,535 | 4,418,174 | 4,311,361 | 4,311,361 | - | Company policy | Subsidiary company |
| Steam Turbine | Deharki Sugar Mills (Private) Limited | 8,667,753 | 4,600,947 | 4,066,806 | 4,066,806 | - | Company policy | Subsidiary company |
| Pressure Pump | Deharki Sugar Mills (Private) Limited | 8,383,333 | 2,822,440 | 5,560,893 | 5,560,893 | - | Company policy | Subsidiary company |
| Magnetic Separator | Deharki Sugar Mills (Private) Limited | 10,360,739 | 4,764,569 | 5,596,170 | 5,596,170 | - | Company policy | Subsidiary company |
| Lathe Machine | Deharki Sugar Mills (Private) Limited | 5,877,444 | 2,448,710 | 3,428,734 | 3,428,734 | - | Company policy | Subsidiary company |
| Steam Turbine | JK Sugar Mills (Private) Limited | 10,201,994 | 4,910,591 | 5,291,403 | 12,000,000 | 6,708,597 | Negotiation | Other party |
| | | 65,420,798 | 31,856,212 | 33,564,586 | 40,273,183 | 6,708,597 | | |

| Description | Particulars of purchaser | Cost | Accumulated depreciation | Net book value | Sales value | Gain | Mode of disposal | Relationship with the Company |
|---|---|---|---|---|---|---|---|---|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| **Motor vehicles** | | | | | | | | |
| Toyota Corolla GLI | Mr. M. Pervaiz Azhar | 1,028,873 | 513,085 | 515,788 | 538,500 | 22,712 | Company Policy | Employee |
| Toyota Corolla Altis | Mr. M. Armghan Aized | 1,970,500 | 1,141,068 | 829,432 | 591,151 | (238,281) | Company Policy | Employee |
| Toyota Corolla Altis | Mr. Nazir Gopang | 1,229,023 | 623,924 | 605,099 | 589,500 | (15,599) | Company Policy | Employee |
| Honda Vezel | Mr. Sajid Ahmed | 3,624,710 | 2,519,561 | 1,105,149 | 1,500,000 | 394,851 | Company Policy | Employee |
| Suzuki Swift | EFU insurance claim | 1,905,000 | 475,987 | 1,429,013 | 1,935,000 | 505,987 | Insurance claim | Other party |
| Toyota Corolla GLI | Mr. Ghazanfar Ali Syed | 1,805,500 | 1,227,461 | 578,039 | 541,650 | (36,389) | Company Policy | Employee |
| Toyota Corolla Altis | Mr. Shahid Umar | 1,229,023 | 679,018 | 550,005 | 604,500 | 54,495 | Company Policy | Employee |
| Toyota Corolla XLI | Mr.M. Tariq Javaid | 1,217,060 | 704,339 | 512,721 | 668,000 | 155,279 | Company Policy | Employee |
| Toyota Corolla Altis | Mr. Khalid Sohail | 1,229,023 | 679,345 | 549,678 | 614,698 | 65,020 | Company Policy | Employee |
| Toyota Corolla XLI | Mr. Shahab Badar | 1,690,500 | 1,188,177 | 502,323 | 498,150 | (4,173) | Company Policy | Employee |
| | | 16,929,212 | 9,751,965 | 7,177,247 | 8,081,149 | 903,902 | | |
| **Assets - written off** | | | | | | | | |
| Sugarcane roots | | 467,166,679 | 153,513,322 | 313,653,357 | – | – | Company policy | |
| Others | | 535,683,085 | 486,837,290 | 48,845,795 | – | – | Company policy | |
| | | 1,002,849,764 | 640,350,612 | 362,499,152 | – | – | | |
| **Assets having net book value less than Rs. 500,000** | | 73,966,380 | 56,606,876 | 17,359,504 | 45,840,710 | 28,481,207 | | |
| **2021** | | 1,159,166,154 | 738,565,665 | 420,600,489 | 94,195,042 | 36,093,706 | | |
| 2020 | | 387,297,805 | 159,669,628 | 227,628,177 | 35,152,356 | 22,699,478 | | |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **20.2 Capital work in progress** | | | |
| As at 1 October | | 14,599,420 | 464,469,761 |
| Additions during the year | | 563,007,941 | 491,528,872 |
| Transfers made during the year | | (517,340,981) | (941,399,213) |
| **As at 30 September** | 20.2.1 | 60,266,380 | 14,599,420 |

**20.2.1 Reconciliation of carrying amounts by classes of assets is as follows:**

| | Note | 2021 | | | |
|---|---|---|---|---|---|
| | | Opening balance | Addition for the year | Transferred to operating fixed assets | Closing balance |
| | | Rupees | Rupees | Rupees | Rupees |
| Advances for vehicles | 31.1 | – | 30,670,978 | – | 30,670,978 |
| Building | | 14,516,860 | 11,613,506 | (14,551,040) | 11,579,326 |
| Plant and machinery | | – | 20,237,562 | (3,817,739) | 16,419,823 |
| Sugarcane roots | 20.2.2 | 82,560 | 500,485,895 | (498,972,202) | 1,596,253 |
| | | 14,599,420 | 563,007,941 | (517,340,981) | 60,266,380 |

| | Note | 2020 | | | |
|---|---|---|---|---|---|
| | | Opening balance | Addition for the year | Transferred to operating fixed assets | Closing balance |
| | | Rupees | Rupees | Rupees | Rupees |
| Building | | 139,544,335 | 66,380,615 | (191,408,090) | 14,516,860 |
| Plant and machinery | | 321,232,989 | 137,985,793 | (459,218,782) | – |
| Road & boundary walls | | 411,221 | – | (411,221) | – |
| Sugarcane roots | 20.2.2 | – | 287,162,464 | (287,079,904) | 82,560 |
| Electric installation | | 3,281,216 | – | (3,281,216) | – |
| | | 464,469,761 | 491,528,872 | (941,399,213) | 14,599,420 |

**20.2.2** Additions in sugarcane roots included transfer from biological assets amounting to Rs. 288.156 million (2020: Rs. 131.215 million).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **20.3 Stores, spare parts and loose tools held for capital expenditure** | | | |
| As at 01 October | | 138,575,350 | 128,805,760 |
| Additions during the year | | 10,353,310 | 14,126,673 |
| | | 148,928,660 | 142,932,433 |
| Transferred to operating fixed assets | | (60,922,298) | (2,963,900) |
| Charged to consumption / adjustments | | – | (1,393,183) |
| | | (60,922,298) | (4,357,083) |
| **As at 30 September** | 20 | 88,006,362 | 138,575,350 |

## 21. RIGHT-OF-USE ASSETS

| | 2021 | | | |
|---|---|---|---|---|
| | Building | Land | Vehicles | Total |
| | Rupees | Rupees | Rupees | Rupees |
| As at 01 October | 83,561,321 | 839,299,150 | 253,601,056 | 1,176,461,527 |
| Additions during the year | 2,882,272 | 1,101,304,101 | 300,198,629 | 1,404,385,002 |
| Deletions during the year | – | (32,325,447) | – | (32,325,447) |
| Derecognition due to sublease | – | (68,940,024) | – | (68,940,024) |
| Transfer to operating fixed assets - net book value | – | – | (14,116,680) | (14,116,680) |
| Impact of remeasurement | (1,487,689) | (7,935,666) | – | (9,423,355) |
| Depreciation charged for the year | (39,509,552) | (468,681,559) | (68,224,545) | (576,415,656) |
| **As at 30 September** | 45,446,352 | 1,362,720,555 | 471,458,460 | 1,879,625,367 |
| Less: Current maturity presented under current assets | – | – | (43,462,361) | (43,462,361) |
| | 45,446,352 | 1,362,720,555 | 427,996,099 | 1,836,163,006 |
| Useful life (rate) / lease term | 3 to 5 years | 3 to 5 years | 20% | |

| | 2020 | | | |
|---|---|---|---|---|
| | Building | Land | Vehicles | Total |
| | Rupees | Rupees | Rupees | Rupees |
| As at 01 October | - | - | - | - |
| Impact of adoption of IFRS 16 | 114,741,212 | 922,024,372 | 230,182,809 | 1,266,948,393 |
| Additions during the year | 7,667,179 | 308,610,175 | 88,487,100 | 404,764,454 |
| Deletions during the year | - | (462,019) | - | (462,019) |
| Transfer to operating fixed assets - net book value | - | - | (5,036,112) | (5,036,112) |
| Depreciation charged for the year | (38,847,070) | (390,873,378) | (60,032,741) | (489,753,189) |
| **As at 30 September** | 83,561,321 | 839,299,150 | 253,601,056 | 1,176,461,527 |
| Less: Current maturity presented under current assets | - | - | (19,040,329) | (19,040,329) |
| | 83,561,321 | 839,299,150 | 234,560,727 | 1,157,421,198 |
| Useful life (rate) / lease term | 3 to 5 years | 3 to 5 years | 20% | |

**21.1** The Company's obligations under vehicle leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed in note 4.2.

**21.2** The depreciation charge on right-of-use assets for the year has been allocated as follows:

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Cost of goods manufactured | 34.1 | 64,910,671 | 48,475,778 |
| Further cost charged on biological assets | 34.1.1.1 | 2,959,135 | 5,662,148 |
| Administrative expenses | 35 | 39,509,552 | 38,847,070 |
| Cost incurred on standing crops | 37.1.1 | 469,036,298 | 396,768,193 |
| | | 576,415,656 | 489,753,189 |

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| **22. INVESTMENT PROPERTY** | | |
| Balance as at 01 October | 185,854,012 | 219,015,262 |
| Purchased during the year | – | 5,542,850 |
| Transferred to operating fixed assets | – | (38,704,100) |
| **Balance as at 30 September** | 185,854,012 | 185,854,012 |

**22.1** Investment property represents agricultural land measuring 400.71 acres (2020: 400.71 acres) situated at various locations of Tehsil Sadiqabad, District Rahim Yar Khan given on operating lease having the fair value of Rs. 345 million as at 30 June 2019. The value of investment property was determined by approved external, independent property valuer i.e. Hamid Mukhtar and Co. (Pvt.) Limited by using the market comparable method and categorize as level 2 fair value. The most significant input in this valuation approach is price / rate per acre in particular locality. The management foresee, there is no significant change since last valuation.

**22.2** Forced sale value of the investment property has been assessed as Rs. 276 million (2020: Rs. 276 million).

**22.3** The amount of future lease rentals on agricultural contract and the period in which payments will become due are as follows:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Less than one year | 11,853,433 | 7,763,875 |
| More than one year | 8,184,825 | – |
| | 20,038,258 | 7,763,875 |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **23. INTANGIBLES** | | | |
| Goodwill | 23.1 | 608,310,693 | 608,310,693 |
| Oracle computer software | 23.2 | 4,419,411 | 6,459,139 |
| | | 612,730,104 | 614,769,832 |

**23.1** Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Company. For impairment testing, the recoverable amount of both cash generating unit is determined based on value in use calculation which uses cash flow projections covering a five-year period using the average discount rate of 15.46% per annum (2020: 20.49% per annum). The calculation of value in use is sensitive to discount rate and local inflation rates. Management's key assumptions include stable profit margins, based on past experience in this market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry. Based on this calculation, no impairment is required to be accounted for against the carrying amount of goodwill.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **23.2 Oracle computer software** | | | |
| Cost | | 20,397,279 | 20,397,279 |
| Accumulated amortization | | | |
| As at 01 October | | 13,938,140 | 11,898,412 |
| Amortization for the year | 35 & 42 | 2,039,728 | 2,039,728 |
| | | 15,977,868 | 13,938,140 |
| **As at 30 September** | | 4,419,411 | 6,459,139 |
| | | | |
| Rate of amortization | | 10% | 10% |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **24.** | **LONG TERM INVESTMENTS** | | | |
| | Investment in subsidiary companies - unquoted | 24.1 | 1,736,004,491 | 1,653,303,405 |
| | Investment in associated companies - unquoted | 24.2 | 2,500 | 2,500 |
| | | | 1,736,006,991 | 1,653,305,905 |
| | **Less: Classified under current assets as short term investments** | | | |
| | Faruki Pulp Mills Limited ("FPML") | | (651,994,491) | (570,053,405) |
| | JDW Power (Private) Limited ("JDWPL") | 24.2 | – | – |
| | | | (651,994,491) | (570,053,405) |
| | **Classified under non-current assets** | | 1,084,012,500 | 1,083,252,500 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **24.1** | **Investment in subsidiary companies - unquoted** | | | |
| | **Deharki Sugar Mills (Private) Limited ("DSML")** | | | |
| | 104,975,000 (2020: 104,975,000) fully paid shares of Rs. 10 each | | | |
| | Equity held 100% (2020: 100%) | | 1,049,750,000 | 1,049,750,000 |
| | **Faruki Pulp Mills Limited ("FPML")** | | | |
| | 310,892,638 (2020: 310,892,638) fully paid shares of Rs. 10 each | | | |
| | Equity held 57.67% (2020: 57.67%) | | 3,154,426,383 | 3,154,426,383 |
| | Less: Accumulated impairment allowance/reversal | 24.1.1 | (2,502,431,892) | (2,584,372,978) |
| | | | 651,994,491 | 570,053,405 |
| | **Sadiqabad Power (Private) Limited ("SPL")** | | | |
| | 1,694,500 (2020: 1,000,100) fully paid shares of Rs. 10 each | | | |
| | Equity held 100% (2020: 100%) | | 10,001,000 | 10,001,000 |
| | Investment made during the year | | 6,944,000 | – |
| | Advances for future issuance of shares | | – | 6,549,000 |
| | | | 16,945,000 | 16,550,000 |
| | **Ghotki Power (Private) Limited ("GPL")** | | | |
| | 1,731,500 (2020: 1,000,100) fully paid shares of Rs. 10 each | | | |
| | Equity held 100% (2020: 100%) | | 10,001,000 | 10,001,000 |
| | Investment made during the year | | 7,314,000 | – |
| | Advances for future issuance of shares | | – | 6,949,000 |
| | | | 17,315,000 | 16,950,000 |
| | | | 1,736,004,491 | 1,653,303,405 |
| **24.1.1** | **Accumulated impairment allowance** | | | |
| | Opening balance | | 2,584,372,978 | 2,584,372,978 |
| | Reversal of prior year impairment loss | 24.1.1.1 & 37 | (81,941,086) | – |
| | **Closing balance** | | 2,502,431,892 | 2,584,372,978 |

**24.1.1.1** Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business and prepared its financial statements for the year ended 30 September 2021 on liquidation basis of accounting. Accordingly, management of the Company has estimated the recoverable amount of investment in FPML Rs. 652 million as determined by the independent valuer and has reversed impairment loss of Rs. 81.94 million (2020: Rs. nil) recognised in prior years due to change in estimate. The recoverable amount was estimated based on fair value less costs of disposal of the underlying assets of FPML and categorise as level 3 fair value.

Further, during the previous year, FPML through an extraordinary general meeting held on 25 March 2020, has resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. However, due to COVID-19 situation in the country this was not completed during the current year and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021.

**Valuation techniques used to derive fair values of the underlying assets**

| | Carrying Value | Recoverable amount | Reversal of Impairment loss | Valuation technique used |
|---|---|---|---|---|
| | Rupees | Rupees | Rupees | |
| Net current assets | 9,272,961 | 9,272,961 | – | The carrying amount is assumed to approximate the fair value as these are reported at amounts not less than those at which these are expected to be recovered. |
| Property, plant and equipment | 560,780,444 | 642,721,530 | (81,941,086) | Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment. |
| **2021** | 570,053,405 | 651,994,491 | (81,941,086) | |
| 2020 | 570,053,405 | 581,044,444 | – | |

FPML engaged an independent valuer, to assess the recoverable amount of the property, plant and equipment based on fair value less costs of disposal calculation. The fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the land. The most significant input in this valuation approach is price per acre which has significant change from prior year.

The fair value of plant, machinery and ancillary equipment is based on depreciated replacement cost approach taking into account the prevailing market value of identified items and net realizable value assets grouped according to machinery class, adjusted against depreciation, price indices and exchange differences on imported assets. The fair value of building and civil work is based on depreciated replacement cost approach taking into account the construction features and measurements of built area involved.

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in fair value measurements.

| Description | Significant unobservable inputs | Quantitative data / range and relationship to the fair value |
|---|---|---|
| Buildings and civil works | Cost of construction of a similar building and structure. | The prevailing market rate of construction has been determined by taking into account the finishes required in wood pulp manufacturing industry. |
| | Straight line depreciation applied for usage from date of construction. Forced sale value used since FPML is liquidating its assets. | The versatility and general conditions of the building have been used to estimate the straight line basis of depreciation of the building. |
| Plant and machinery and ancillary equipment | Cost of acquisition of similar machinery with similar level of technology. | The market value has been determined by using cost of acquisition of similar plant and machinery with similar level or technology and applying a suitable depreciation factor based on remaining useful lives of plant and equipment. |
| | Suitable depreciation rate to arrive at depreciated replacement value. Forced sale value used since FPML is liquidating its assets. | The higher the cost of acquisition of similar machinery, the higher the fair value of plant and equipment. Furthermore, higher the depreciation rate, the lower the fair value of items. |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| 24.2 | **Investment in associated companies - unquoted** | | | |
| | **JDW Power (Private) Limited ("JDWPL")** | | | |
| | 9,000,000 (2020: 9,000,000) fully paid shares of Rs. 10 each | | | |
| | Equity held 47.37% (2020: 47.37%) | | 90,000,000 | 90,000,000 |
| | Less: Accumulated impairment allowance | | (90,000,000) | (90,000,000) |
| | | 24.2.1 | – | – |
| | **Kathai-II Hydro (Private) Limited ("KHL")** | | | |
| | 250 (2020: 250) fully paid shares of Rs. 10 each | | | |
| | Equity held 20% (2020: 20%) | 24.2.2 | 2,500 | 2,500 |
| | | | 2,500 | 2,500 |

**24.2.1** On 11 July 2019, the shareholders of JDWPL through an extra ordinary general meeting passed a resolution for the winding up of JDWPL, subsequently management of the JDWPL has applied to the Securities and Exchange Commission of Pakistan (SECP) for the approval of winding up.

**24.2.2** During the previous year, the Company has acquired the 20% shareholding of Kathai-II Hydro (Private) Limited ("the associate") on 12 November 2019. The associate is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of the associate is to generate, distribute and sell electricity.

## 25. LONG TERM DEPOSITS

These includes security deposits with conventional banks and Islamic financial institution/banks in respect of leasing facilities availed against right-of-use assets amounting to Rs. 7.97 million and Rs. 86.89 million (2020: Rs. 16 million and Rs. 30.88 million) respectively. Current maturity of long term deposits for Rs. 13.371 million (2020: Rs. 17.166 million) are presented under current assets (refer to note 31). The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of other long term security deposits for Rs. 12.146 million (2020: Rs. 23.724 million) is not considered material and hence not recognized. This also includes an advance amounting to Rs. 1.55 million (2020: Rs. 4.54 million) due from JDW Aviation (Pvt.) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 4.25 million (2020: Rs. 4.54 million). These deposits do not carry any interest or markup.

## 26. LEASE RECEIVABLES

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Recognised during the year | | 112,922,359 | – |
| Income from subleasing of right-of-use assets | 37 | 5,523,671 | – |
| Receipt during the year | | (48,812,122) | – |
| | 26.2 | 69,633,908 | – |

**26.1** It presents sub-lease of agriculture land for lease term 1 to 1.5 years. The incremental borrowing rate applied to lease receivable is 8.7 %.

**26.2** The following undiscounted / discounted lease payments to be received after the reporting date are as:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Total undiscounted lease receivables | 72,261,312 | – |
| Unearned finance income | (2,627,404) | – |
| Discounted lease receivables | 69,633,908 | – |

**26.3** The risks associated with rights the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks as ensuring all contracts include clauses requiring the lessee to submit security cheque during the lease term which will be refundable at the end of lease term.

## 27. BIOLOGICAL ASSETS

| | Note | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Standing sugarcane crop | Wheat | Rhodes grass | Mustard | Rice | Others | Total |
| | | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| At the beginning of the year at fair value | | 1,816,363,807 | 955,781 | – | 1,408,532 | 1,387,860 | – | 1,820,115,980 |
| Further cost charged during the year | 34.1.1.1 | 767,924,711 | 23,398,351 | 13,749,388 | 4,546,700 | 194,116 | – | 809,813,266 |
| Fair value gain on initial recognition | | | | | | | | |
| of agricultural produce | 34.1.1 | 838,458,688 | 52,309,317 | (3,277,778) | 14,170,131 | 153,620 | – | 901,813,978 |
| Decrease due to harvest | | (3,422,747,205) | (76,663,449) | (10,471,610) | (20,125,363) | (1,735,597) | – | (3,531,743,224) |
| Cost incurred on standing crops | 37.1.1 | 1,964,493,216 | 1,317,463 | 52,436 | 464,158 | – | – | 1,966,327,273 |
| Net fair value gain on biological assets | 37 | 368,872,933 | – | – | – | – | – | 368,872,933 |
| **At the end of the year at fair value** | | 2,333,366,150 | 1,317,463 | 52,436 | 464,158 | – | – | 2,335,200,206 |

| | Note | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Standing sugarcane crop | Wheat | Rhodes grass | Mustard | Rice | Others | Total |
| | | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| At the beginning of the year at fair value | | 2,013,074,325 | – | – | – | – | 5,878,538 | 2,018,952,863 |
| Further cost charged during the year | 34.1.1.1 | 803,432,853 | 28,718,372 | 60,805,727 | 1,313,640 | – | – | 894,270,592 |
| Fair value gain on initial recognition | | | | | | | | |
| of agricultural produce | 34.1.1 | 344,368,355 | 17,290,830 | (26,546,483) | (464,321) | – | – | 334,648,381 |
| Decrease due to harvest | | (3,161,057,406) | (47,140,910) | (34,344,586) | (2,934,334) | – | – | (3,245,477,236) |
| Cost incurred on standing crops | 37.1.1 | 1,662,962,002 | 955,781 | – | 1,408,533 | 1,387,860 | – | 1,666,714,176 |
| Transferred to capital work in progress | | – | – | – | – | – | (2,394,600) | (2,394,600) |
| Other changes | | 181,874 | 1,131,708 | 85,342 | 2,085,014 | – | (3,483,938) | – |
| Net fair value gain on biological assets | 37 | 153,401,804 | – | – | – | – | – | 153,401,804 |
| **At the end of the year at fair value** | | 1,816,363,807 | 955,781 | – | 1,408,532 | 1,387,860 | – | 1,820,115,980 |

### 27.1 Measurement of fair values

### 27.1.1 Fair value hierarchy

In absence of active market for standing sugarcane crop, the fair value measurement for the standing sugarcane crop has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined by independent professional valuer, Medallion Services (Pvt.) Limited as at 30 September 2021 on the basis of a discounted cash flow model. The valuation model considers the present value of the net cash flows expected to be generated by the standing sugarcane crop at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset. The cash flow projections include specific estimates for next year which mainly include crop's expected yield and projected production costs and costs to sell. The expected cash flows are discounted using a risk adjusted discount rate. The fair value estimation of the Company's biological assets was not materially impacted by the COVID-19 pandemic.

### 27.1.2 Valuation techniques and significant unobservable inputs

The key variables, assumptions and the impact of changes in those is given below:

| | Unit | 2021 | 2020 |
|---|---|---|---|
| Valued plantations (Actual) | | | |
| - Punjab Zone | Acres | 9,615 | 10,291 |
| - Sindh Zone | Acres | 11,174 | 11,128 |
| | | | |
| Estimated further production costs and costs to sell per acre | | | |
| - Punjab Zone | Rupees | 87,842 | 62,140 |
| - Sindh Zone | Rupees | 73,013 | 64,567 |
| | | | |
| Estimated yield per acre | | | |
| - Punjab Zone | Maunds | 892 | 776 |
| - Sindh Zone | Maunds | 790 | 796 |
| | | | |
| Harvest age | Months | 12 - 14 | 12 - 14 |
| | | | |
| Estimated future sugarcane support price per maunds | | | |
| - Punjab Zone | Rupees | 225 | 200 |
| - Sindh Zone | Rupees | 250 | 202 |
| | | | |
| Risk - adjusted discount rate | % per month | 0.98% | 0.91% |

Cost of biological assets other than standing sugarcane crop of Rs. 1.83 million (2020: Rs. 3.75 million) is considered to approximate their respective fair value less costs to sell as these assets are still at a very early stage of plantation and it is considered that in-significant biological transformation has taken place or the impact of fair value measurement is not significant.

**27.2 Sensitivity analysis**

Impact of changes in key subjective assumptions on fair value of biological assets is given below:

| | Increase / (Decrease) 2021 Rupees | Increase / (Decrease) 2020 Rupees |
|---|---|---|
| Decrease of 10% in estimated average yield per acre | (288,169,555) | (296,633,564) |
| Decrease of 10% in estimated further production cost | 151,464,625 | 130,203,089 |
| Decrease of 10% in estimated average selling price per maund | (384,801,240) | (311,839,470) |
| Increase of 10% in discount rate | (11,239,328) | (9,102,870) |

**27.3 Risk management strategy related to agricultural activities**

The Company is exposed to the following risks relating to its sugarcane cultivation.

**Regulatory and environmental risks**

The Company is subject to various laws and regulations in Pakistan. The Company has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

**Climate and other risks**

Due to inherent nature of the agricultural assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and

ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields.

The Company is principally dependent upon the Government's measures for flood control. The Company follows an effective preventive pesticide / insecticide / fungicide program, regularly monitors the crops for any infestations and takes immediate curative measures.

**Supply and demand risk**

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum / support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Company adversely. The Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **28. STORES, SPARE PARTS AND LOOSE TOOLS** | | | |
| Stores | | | |
| - Sugar | | 716,958,741 | 698,403,595 |
| - Co-Generation Power | | 164,542,144 | 134,897,835 |
| - Corporate Farms | | 396,847,011 | 403,217,111 |
| | | 1,278,347,896 | 1,236,518,541 |
| Spare parts | | | |
| - Sugar | | 450,533,261 | 386,625,789 |
| - Co-Generation Power | | 82,558,869 | 90,859,738 |
| | | 533,092,130 | 477,485,527 |
| Loose tools | | | |
| - Sugar | | 32,956,920 | 98,655,724 |
| - Co-Generation Power | | 9,212,073 | 31,681,576 |
| | | 42,168,993 | 130,337,300 |
| | | 1,853,609,019 | 1,844,341,368 |
| Less: Provision for obsolescence | 28.1 | (471,792,126) | (303,839,129) |
| | | 1,381,816,893 | 1,540,502,239 |

**28.1** This includes reversals of Rs. 19.86 million (2020: Rs. 20.37 million) which is included in cost of goods manufactured.

**28.2** Stores, spare parts and loose tools was pledged as security against short term borrowings (refer to note 13).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **29. STOCK-IN-TRADE** | | | |
| Sugar | 29.1 | 1,636,244,037 | 3,675,127,479 |
| Bagasse | | 232,354,110 | 310,314,012 |
| Mud | | 11,863,755 | – |
| | 34 | 1,880,461,902 | 3,985,441,491 |

**29.1** The closing stock of sugar, net of 15% to 25% margin, having carrying value of Rs. 500 million (2020: Rs. 3,257 million) has been pledged against cash finance obtained from Commercial and Islamic banks (for details, refer to note 13).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **30. TRADE RECEIVABLES** | | | |
| Considered good | 30.1 & 30.2 | 4,195,841,481 | 8,451,790,699 |
| Considered doubtful - local | | 51,672,219 | 57,584,275 |
| | | 4,247,513,700 | 8,509,374,974 |
| Less: Impairment allowance | 30.3 | (51,672,219) | (57,584,275) |
| | | 4,195,841,481 | 8,451,790,699 |

**30.1** These are setoff by gross carrying amount of Rs. 1,315 million (2020: 671 million) which is in line with accounting policies of the Company as stated in note 4.17.4 to these unconsolidated financial statements.

**30.2** These also includes Rs. 3,185 million (2020: Rs. 7,266.54 million) receivable from CPPA-G on account of sale of electricity under Energy Purchase Agreements. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements (IAs) and interest free, however, a delayed payment mark-up charged during the year on outstanding amounts ranged from 3MK+2% to 3MK+4.5% (2020: 3MK+4.5%) per annum.

**30.2.1** The Company had filed a Writ Petition No. 1298 against CPPA-G's decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices (fixed energy) of the Company based on its interpretation of the Upfront Tariff for New Bagasse Based Co-Generation Power Projects dated 29 May 2013 (2013 Upfront Tariff) determined by the NEPRA as opted by and applied to the Company.

On the basis of independent legal advice obtained by the Company, the said deduction was in direct conflict with and in contravention of express provisions of the Policy for Development of Renewable Energy for Power Generation Employing Small Hydro, Wind, and Solar Technologies, 2006, the Framework for Power Co-generation, 2013, the 2013 Upfront Tariff, EPA and as well as the regulatory powers and functions of NEPRA under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The matter was referred to NEPRA by CPPA-G which was dismissed by NEPRA as being devoid of merit and mere a afterthought.

The petition is currently pending adjudication before the Honorable Islamabad High Court. However, Pursuant to the provisions of the EPA Amendment Agreement as mentioned in note 1.2, CPPA-G and the Company shall jointly proceed to file application for disposal of pending litigation before the Court. Further, the Company has assessed that amounts aggregating Rs 3,326 million are no longer recoverable and therefore, such amounts have been written off during the year in other expenses as referred to in note 38.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **30.3** | **Movement for impairment allowance** | | | |
| | Balance at beginning of the year | | 57,584,275 | 39,203,083 |
| | Impairment allowance for the year | 38 | – | 18,381,192 |
| | Recovered during the year | | (5,912,056) | – |
| | **Balance at end of the year** | | 51,672,219 | 57,584,275 |

## 31. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Advances to suppliers and contractors | 31.1 | 167,993,264 | 290,738,454 |
| Advances to growers | 31.2 | 323,253,371 | 152,754,025 |
| Prepaid expenses | | 34,792,678 | 27,028,382 |
| Current portion of long term security deposits | 25 | 13,371,450 | 17,166,605 |
| Other short term security deposits | 31.3 | 36,800,000 | – |
| Advances to staff | 31.4 | 15,189,181 | 9,438,013 |
| Sugar export subsidy | 31.5 | – | – |
| Other receivables | 31.6 | 5,488,302 | 16,748,966 |
| | | 596,888,246 | 513,874,445 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.1** | **Advances to suppliers and contractors** | | | |
| | - Considered good | 31.1.1 | 198,664,242 | 290,738,454 |
| | - Considered doubtful | | 55,977,156 | 62,700,835 |
| | | | 254,641,398 | 353,439,289 |
| | Less: Advances for capital expenditure | 20.2.1 | (30,670,978) | – |
| | Less: Provision for doubtful advances | 31.1.2 | (55,977,156) | (62,700,835) |
| | | | 167,993,264 | 290,738,454 |

**31.1.1** This includes Rs. 693,043 (2020: Rs. Nil ) due from Lahore Flying Club (Guarantee) Limited, an associated company as Mukhdoom Syed Ahmad Mahmud, a Non-Executive Director, is also president of Lahore Flying Club (Guarantee) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 1.01 million (2020: Rs. 0.52 million). These are neither past due nor impaired.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.1.2** | **Provision for doubtful advances** | | | |
| | Balance at beginning of the year | | 62,700,835 | 41,693,658 |
| | Reversal of provision for year | | (6,723,679) | 21,007,177 |
| | Balance at end of the year | | 55,977,156 | 62,700,835 |
| | | | | |
| **31.2** | **Advances to growers** | | | |
| | - Considered good | | 323,253,371 | 152,754,025 |
| | - Considered doubtful | | 4,937,966 | 4,937,966 |
| | | | 328,191,337 | 157,691,991 |
| | Less: Provision for doubtful advances | | (4,937,966) | (4,937,966) |
| | | 31.2.1 | 323,253,371 | 152,754,025 |

**31.2.1** This represents advances provided to various sugarcane growers in the form of cash, seeds and agri-implements. These carry interest rates ranging from 12% to 17% per annum and will be adjusted against sugarcane payment in forthcoming crushing season.

**31.3** This represents security deposit paid to Utility Stores Corporation of Pakistan against the tender of sale of sugar.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.4** | **Advances to staff** | | | |
| | - against salaries | | 12,829,884 | 5,489,961 |
| | - against expenses | | 2,359,297 | 3,948,052 |
| | | 31.4.1 | 15,189,181 | 9,438,013 |

**31.4.1** These represent advances given to staff as in accordance with the Company's policy.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.5** | **Sugar export subsidy** | | | |
| | Considered good | | – | – |
| | Considered doubtful | | 355,496,190 | 355,496,190 |
| | | | 355,496,190 | 355,496,190 |
| | Less: Impairment allowance | | (355,496,190) | (355,496,190) |
| | | | – | – |
| | | | | |
| **31.6** | **Other receivables** | | | |
| | Considered good | 31.6.1 | 5,488,302 | 16,748,966 |
| | Considered doubtful | | 3,596,334 | 3,596,334 |
| | | | 9,084,636 | 20,345,300 |
| | Less: Impairment allowance | | (3,596,334) | (3,596,334) |
| | | | 5,488,302 | 16,748,966 |

**31.6.1** It includes Rs. 3.406 million (2020: Rs. Nil) due from key management personnel of the Company. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 3.406 million (2020: Rs. 0.39 million). These are neither past due nor impaired.

## 32. CASH AND BANK BALANCES

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| At banks: | | | |
| Current accounts | | | |
| - Balance with conventional banks | | 227,418,794 | 121,049,340 |
| - Balance with Islamic banks | | 14,200,107 | 2,688,984 |
| | | 241,618,901 | 123,738,324 |
| Saving accounts | | | |
| - Deposits with conventional banks | 32.1 | 1,868,139 | 321,377 |
| | | 243,487,040 | 124,059,701 |
| Cash in hand | | 3,832,639 | 4,519,473 |
| | | 247,319,679 | 128,579,174 |

**32.1** The deposits in saving accounts carry mark-up at rate of 5.5% per annum (2020: 5.5% to 11.25% per annum).

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **33.** | **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | | |
| | **Disaggregation of revenue based on:** | | | |
| **33.1** | **Segments** | | | |
| | **Sugar** | | | |
| | Sugar | 33.1.1 | 44,373,005,086 | 41,861,060,218 |
| | Molasses - by product | 33.1.2 | 5,307,547,291 | 3,452,256,001 |
| | Agri Inputs | | 1,994,493,012 | 1,709,860,423 |
| | Mud - by product | | 254,290,536 | 187,445,011 |
| | Bagasse - by product | | 63,948,810 | 202,035,480 |
| | | | 51,993,284,735 | 47,412,657,133 |
| | **Co-Generation Power** | 33.1.3 | 3,631,419,740 | 3,897,802,789 |
| | **Corporate Farms** | 33.1.4 | 1,175,587,087 | 1,147,400,209 |
| | | | 56,800,291,562 | 52,457,860,131 |
| **33.1.1** | **Sugar** | | | |
| | Local | | 44,373,005,086 | 41,701,960,393 |
| | Export | | – | 159,099,825 |
| | | | 44,373,005,086 | 41,861,060,218 |
| **33.1.2** | **Molasses - by product** | | | |
| | - Sale under DTRE (Duty & Tax Remission for Exporters) | | 4,991,538,128 | 3,264,616,010 |
| | - Others | | 316,009,163 | 187,639,991 |
| | | | 5,307,547,291 | 3,452,256,001 |
| **33.1.3** | **Co-Generation Power** | | | |
| | Variable energy price | | 1,698,401,555 | 1,955,113,862 |
| | Fixed energy price | | 1,933,018,185 | 1,942,688,927 |
| | | | 3,631,419,740 | 3,897,802,789 |
| **33.1.4** | **Corporate Farms** | | | |
| | Sugarcane to Deharki Sugar Mills (Private) Limited | | 1,048,539,359 | 1,026,269,504 |
| | Sugarcane seed and others crops | | 127,047,728 | 121,130,705 |
| | | | 1,175,587,087 | 1,147,400,209 |
| **33.2** | **Geographic markets** | | | |
| | Domestic (Pakistan) | | 56,800,291,562 | 52,298,760,306 |
| | Asia (Afghanistan) | | – | 159,099,825 |
| | | | 56,800,291,562 | 52,457,860,131 |
| **33.3** | **Timing of revenue recognition** | | | |
| | Products transferred at a point in time | | 53,168,871,822 | 48,560,057,342 |
| | Products transferred over time | | 3,631,419,740 | 3,897,802,789 |
| | | | 56,800,291,562 | 52,457,860,131 |

**33.4** Revenue from contracts with customers included Rs. 2,678 million (2020: Rs. 8,832 million) that was included in contract liabilities at the beginning of the year.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **34. COST OF REVENUE** | | | |
| Opening stock-in-trade | | 3,985,441,491 | 11,505,748,375 |
| Add: Cost of goods manufactured | 34.1 | 44,529,552,455 | 37,327,149,688 |
| Add: Freight and other costs related to contracts | | 30,183,743 | 20,484,260 |
| | | 48,545,177,689 | 48,853,382,323 |
| Less: Closing stock | | | |
| - Sugar | | (1,636,244,037) | (3,675,127,479) |
| - Bagasse | | (232,354,110) | (310,314,012) |
| - Mud | | (11,863,755) | – |
| | 29 | (1,880,461,902) | (3,985,441,491) |
| | | 46,664,715,787 | 44,867,940,832 |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **34.1 Cost of Goods Manufactured** | | | |
| Cost of crops consumed | | | |
| (including procurement and other costs) | 34.1.1 | 36,768,605,714 | 29,467,374,463 |
| Salaries, wages and other benefits | 34.1.2 | 2,246,132,602 | 2,424,638,735 |
| Cost of agri inputs | | 1,731,620,584 | 1,422,354,498 |
| Depreciation of operating fixed assets | 20.1.10 | 953,399,160 | 1,055,344,906 |
| Cost of bagasse consumed | | 641,736,492 | 767,749,117 |
| Stores and spare parts consumed | | 398,402,069 | 461,053,739 |
| Sugarcane roots written off | 20.1.12 | 313,653,357 | 214,249,480 |
| Packing materials consumed | | 292,156,305 | 296,026,552 |
| Chemicals consumed | | 232,954,879 | 232,519,056 |
| Operation and maintenance costs | 34.1.3 | 212,629,695 | 241,361,659 |
| Provision for obsolescence | | 167,952,997 | 122,424,150 |
| Vehicle running expenses | | 107,077,450 | 102,699,129 |
| Electricity and power | | 86,082,542 | 116,171,130 |
| Insurance | | 82,049,158 | 79,473,532 |
| Oil, lubricants and fuel consumed | | 65,767,420 | 55,811,260 |
| Depreciation of right-of-use assets | 21.2 | 64,910,671 | 48,475,778 |
| Assets written off | 20.1.12 | 48,845,795 | 925,819 |
| Mud and bagasse shifting expenses | | 23,846,915 | 25,705,339 |
| Handling and storage | | 21,955,504 | 28,892,581 |
| Repairs and maintenance | | 16,960,141 | 30,578,320 |
| Impairment of operating fixed assets | 20.1.11 | 12,453,110 | – |
| Printing and stationery | | 7,709,859 | 9,042,494 |
| Freight and octroi | | 6,338,769 | 7,849,536 |
| Telephone and fax | | 6,021,866 | 6,912,388 |
| Initial land preparation | | 3,838,072 | 3,364,520 |
| Travelling and conveyance | | 1,941,716 | 1,666,513 |
| Other expenses | | 14,509,613 | 104,484,994 |
| | | 44,529,552,455 | 37,327,149,688 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **34.1.1** | **Cost of crops consumed** | | | |
| | Sugarcane purchased | | 33,141,761,459 | 25,917,003,522 |
| | | | | |
| | **Cost of harvested crops** | | | |
| | Fair value of standing crops transferred to profit or loss | 37.1 | 1,820,115,980 | 2,018,952,863 |
| | Fair value gain on initial recognition of agricultural produce | 27 & 37 | 901,813,978 | 334,648,381 |
| | Further cost charged | 34.1.1.1 | 1,193,070,739 | 1,327,985,082 |
| | | | 3,915,000,697 | 3,681,586,326 |
| | Less: transferred to capital work in progress | | (288,156,442) | (131,215,385) |
| | | | 36,768,605,714 | 29,467,374,463 |
| | | | | |
| **34.1.1.1** | **Further cost charged** | | | |
| | Salaries, wages and other benefits | 34.1.1.1.1 | 237,182,249 | 244,618,470 |
| | Repairs and maintenance | | 157,841,223 | 140,644,329 |
| | Harvesting expense | | 122,225,319 | 114,362,792 |
| | Fuel expenses | | 111,970,191 | 151,333,132 |
| | Depreciation of operating fixed assets | 20.1.10 | 52,294,203 | 69,732,241 |
| | Irrigation expenses | | 49,722,830 | 72,280,748 |
| | Vehicle running expenses | | 19,406,409 | 21,476,358 |
| | Bio-laboratory expenses | | 15,736,599 | 15,254,699 |
| | Fertilizer expenses | | 13,979,775 | 28,249,169 |
| | Pesticide and herbicide expenses | | 5,231,731 | 8,323,356 |
| | Seed expenses | | 3,798,038 | 4,034,242 |
| | Insurance | | 3,806,408 | 3,007,035 |
| | Depreciation of right-of-use assets | 21.2 | 2,959,135 | 5,662,148 |
| | Others | | 13,659,156 | 15,291,873 |
| | Cost charged to biological assets | 27 | 809,813,266 | 894,270,592 |
| | | | | |
| | Transportation expenses | | 375,073,455 | 426,032,883 |
| | Road cess | | 8,184,018 | 7,681,607 |
| | | | 383,257,473 | 433,714,490 |
| | | 34.1.1 | 1,193,070,739 | 1,327,985,082 |

**34.1.1.1.1** Salaries, wages and other benefits include Rs. 5.87 million (2020: Rs. 5.8 million) in respect of contribution towards provident fund.

**34.1.2** Salaries, wages and other benefits include contribution to provident fund of Rs. 58.79 million (2020: Rs. 54.41 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 35.89 million (2020: Rs. 20.42 million).

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **34.1.3** | **Operation and maintenance costs** | | |
| | Reimbursable cost | 180,229,695 | 197,212,159 |
| | Operating fee | 32,400,000 | 44,149,500 |
| | | 212,629,695 | 241,361,659 |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **35. ADMINISTRATIVE EXPENSES** | | | |
| Salaries, wages and other benefits | 35.1 | 1,420,286,896 | 1,233,613,982 |
| Legal and professional services | | 115,123,498 | 82,281,462 |
| Depreciation of operating fixed assets | 20.1.10 | 93,544,390 | 46,272,251 |
| Vehicle running and maintenance | | 41,736,805 | 33,155,492 |
| Depreciation of right-of-use assets | 21.2 | 39,509,552 | 38,847,070 |
| Charity and donations | 35.2 | 39,350,000 | 26,100,000 |
| Repairs and maintenance | | 32,527,010 | 44,242,033 |
| Insurance | | 22,335,965 | 18,554,494 |
| Travelling and conveyance | | 21,349,576 | 34,138,152 |
| Subscription and renewals | | 14,218,759 | 16,485,357 |
| Printing and stationery | | 13,304,763 | 12,034,581 |
| Telephone, fax and postage | | 11,027,292 | 9,927,632 |
| Fee and taxes | | 10,306,393 | 9,723,767 |
| Electricity and power | | 10,234,737 | 9,548,837 |
| Entertainment | | 8,532,285 | 6,633,960 |
| Auditors' remuneration | 35.3 | 5,567,250 | 5,157,500 |
| Office rent and renovation | | 2,776,609 | 3,990,252 |
| Amortization of intangible asset | 23.2 | 2,039,728 | 2,039,728 |
| Advertisement | | 242,350 | 538,720 |
| Newspapers, books and periodicals | | 324,690 | 273,617 |
| Other expenses | | 12,427,923 | 12,592,750 |
| | | 1,916,766,471 | 1,646,151,637 |

**35.1** Salaries, wages and other benefits includes contribution to provident fund of Rs. 28.42 million (2020: Rs. 26.31 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 15.38 million (2020: Rs. 8.75 million).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **35.2 Donations for the year have been given to:** | | | |
| - Tareen Education Foundation | | 29,250,000 | – |
| - Medi Bank trust | | 3,200,000 | – |
| - Lahore Race Club | | 2,000,000 | – |
| - Professional Education Foundation | | 1,000,000 | – |
| - National Society for M.E.H Children | | 1,000,000 | – |
| - Special Education and Training Centre | | 1,000,000 | 2,000,000 |
| - Lodhran Pilot Project | | – | 21,000,000 |
| - Others | 35.2.2 | 1,900,000 | 3,100,000 |
| | | 39,350,000 | 26,100,000 |

**35.2.1** None of the Directors of the Company or their spouses have any interest as Director in any of the recipients of donations made by the Company during the year except Mukhdoom Syed Ahmad Mahmud, a Non-Executive Director of the Company, also chairman of Lahore Race Club.

**35.2.2** Others' include donations paid to various institutions or individual. The aggregate amount paid to a single institution / individual is less than Rs. 1 million.

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| **35.3 Auditors' remuneration** | | |
| Services as auditors: | | |
| Statutory audit | 4,000,000 | 3,750,000 |
| Half yearly review | 630,000 | 600,000 |
| Out of pocket expenses | 50,000 | 50,000 |
| Others | 212,500 | 227,500 |
| | 4,892,500 | 4,627,500 |
| Other services: | | |
| Certifications for regulatory purposes | 109,500 | 480,000 |
| Tax advisory services | 565,250 | 50,000 |
| | 674,750 | 530,000 |
| | 5,567,250 | 5,157,500 |

## 36. SELLING EXPENSES

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Salaries, wages and other benefits | 36.1 | 37,267,948 | 37,296,907 |
| Other selling expenses | | 300,806 | 23,101,712 |
| | | 37,568,754 | 60,398,619 |

**36.1** Salaries, wages and other benefits include Rs. 0.56 million (2020: Rs. 0.54 million) in respect of contribution towards provident fund.

## 37. OTHER INCOME

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **Income from financial assets** | | | |
| Mark-up on delayed payment from CPPA-G | 30.2 | 593,538,079 | 58,219,947 |
| Income from subleasing of right-of-use assets | 26 | 5,523,671 | – |
| Gain on acknowledged receipts | | 4,214,996 | – |
| Interest income on bank deposits | | 537,748 | 520,330 |
| | | 603,814,494 | 58,740,277 |
| **Income from non-financial assets** | | | |
| Fair value gain on initial recognition of agricultural produce | 34.1.1 | 901,813,978 | 334,648,381 |
| Net fair value gain on biological assets | 37.1 | 368,872,933 | 153,401,804 |
| Reversal of impairment loss in FPML | 24.1.1 | 81,941,086 | – |
| Sale of scrap | | 61,781,151 | 69,930,905 |
| Gain on derecognition of the right of-use assets | | 53,298,299 | – |
| Liabilities no longer payable written back | | 43,297,402 | – |
| Gain on disposal of operating fixed assets | 20.1.12 & 42 | 36,093,706 | 22,699,478 |
| Penalty for not honoring of contract | | 20,475,000 | – |
| Sale of stores, spare parts and loose tools | | 12,044,499 | 14,426,784 |
| Mark-up on advances to growers | 31.2.1 | 8,896,997 | 3,981,104 |
| Rental income from investment property | | 11,250,495 | 11,521,504 |
| Others | | 7,125,198 | 3,388,593 |
| | | 1,606,890,744 | 613,998,553 |
| | | 2,210,705,238 | 672,738,830 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **37.1** | **Net fair value gain on biological assets** | | | |
| | Fair value of standing crops | 27 | 2,335,200,206 | 1,820,115,980 |
| | Cost incurred on standing crops | 27 & 37.1.1 | (1,966,327,273) | (1,666,714,176) |
| | | | 368,872,933 | 153,401,804 |
| **37.1.1** | **Cost incurred on standing crops** | | | |
| | Depreciation of right-of-use assets | 21.2 | 469,036,298 | 396,768,193 |
| | Irrigation expenses | | 336,681,946 | 228,844,166 |
| | Fertilizer expenses | | 280,665,246 | 260,896,659 |
| | Depreciation of operating fixed assets | 20.1.10 | 260,829,978 | 187,561,331 |
| | Salaries, wages and other benefits | 37.1.1.1 | 228,207,229 | 193,601,575 |
| | Pesticide and herbicide expenses | | 167,674,678 | 187,677,846 |
| | Repairs and maintenance | | 101,930,467 | 95,255,310 |
| | Fuel expenses | | 73,768,845 | 74,229,395 |
| | Vehicle running expenses | | 19,811,521 | 14,347,492 |
| | Bio-laboratory expenses | | 16,612,544 | 13,773,339 |
| | Insurance | | 3,217,403 | 2,140,445 |
| | Others | | 7,891,118 | 11,618,425 |
| | | 27 | 1,966,327,273 | 1,666,714,176 |

**37.1.1.1** Salaries, wages and other benefits include Rs. 6.48 million (2020: Rs. 5.7 million) in respect of contribution towards provident fund.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **38. OTHER EXPENSES** | | | |
| Fixed energy receivables written off | 30.2.1 | 3,325,977,231 | – |
| Workers' Profit Participation Fund | 15.3 | 234,729,641 | 130,039,744 |
| Charge for delayed payment of sugarcane | 38.1 | 105,032,575 | – |
| Workers' Welfare Fund | 15.4 | 12,541,355 | 49,415,103 |
| Advances and other receivables written off | | 10,005,070 | – |
| Trade receivables written off | | 1,969,757 | 1,192,197 |
| Provision for doubtful advances | | – | 21,007,177 |
| Impairment allowance against trade / other receivables | 30.3 | – | 18,381,192 |
| Foreign exchange loss | | – | 8,839,481 |
| Impairment allowance against sugar export subsidy | | – | 355,496,190 |
| Others | | 2,625,216 | – |
| | | 3,692,880,845 | 584,371,084 |

**38.1** It represents late payment charges made to sugarcane growers from financial year 2019 to 2021 in accordance with the Punjab Sugar Factories Control Rules, 1950.

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **39. FINANCE COST** | | | |
| Mark-up based loans from conventional banks / | | | |
| financial institutions | | | |
| - Long term finances - secured | | 1,051,463,760 | 1,098,923,056 |
| - Short term borrowings - secured | | 441,747,152 | 1,255,476,465 |
| - Interest expense for leasing arrangements | 9 | 178,103,402 | 190,947,774 |
| | | 1,671,314,314 | 2,545,347,295 |
| Islamic mode of financing | | | |
| - Long term finances - secured | | 68,581,925 | 171,038,114 |
| - Short term borrowings - secured | | 310,091,175 | 562,487,407 |
| | | 378,673,100 | 733,525,521 |
| Borrowings from related party - unsecured | | | |
| - Deharki Sugar Mills (Private) Limited | | 145,740,768 | 217,256,764 |
| | | | |
| Amortization of transaction cost | 8 | 6,562,720 | 4,656,834 |
| Workers' Profit Participation Fund | 15.3 | 5,800,911 | 2,907,716 |
| Markup on short term advance from provident fund | | 1,505,818 | 15,299,033 |
| Bank charges and commission | | 89,912,709 | 44,294,272 |
| | | 103,782,158 | 67,157,855 |
| Less: Amortization of deferred Government grant | 12 | (47,767,213) | (12,890,670) |
| | | 2,251,743,127 | 3,550,396,765 |

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **40. TAXATION** | | | |
| Income tax | | 850,070,061 | 748,379,221 |
| Change in estimate related to prior years | 40.1 | 77,653,331 | – |
| | | 927,723,392 | 748,379,221 |
| Deferred tax | 10.3 | (1,360,643,773) | 272,412,976 |
| Agriculture tax | | 1,945,979 | 2,031,181 |
| | | (430,974,402) | 1,022,823,378 |

**40.1** It includes adjustments related to tax credit u/s 65B of the Income Tax Ordinance, 2001 for an amount of Rs. 34.12 million and Rs. 35.1 million for tax year 2015 and 2016 which was disallowed by the Additional Commissioner Inland Revenue and CIR (A) respectively. The Company has filed an appeal which is pending before ATIR.

**40.2 Relationship between tax expense and accounting profit before tax**

The provision for taxation related to current and preceding financial year mainly represents the Alternative Corporate Tax (ACT) / Minimum Tax and final tax liabilities under section 113C/113 and 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation for current and preceding financial year has not been prepared and presented.

**40.3** The two new high-pressure Co-Generation Power Plants (for details, refer to note 1.1) had been set up by the Company under the Federal Government's Framework for Power Co-Generation 2013 read with the Policy for Development of Renewable Energy for Power Generation, 2006.

As per the aforementioned policies, the Company's sale of electricity from the power plants to Central Power Purchasing Agency (Guarantee) Limited is exempt from income tax including turnover tax and withholding tax on imports, and for this purpose, the new power generation units of the Company shall be treated as separate entities.

In prior years, the Company was seeking clarification on whether existing notified exemptions for other power projects shall also apply to the Company's power projects or new exemptions shall be notified. In the meantime, the financial of the Company for year ended 30 September 2020 including the power projects were being prepared under normal taxation regime. However, during the year, the Finance Act 2021 has exempted the profits and gains derived by the Company from a bagasse based cogeneration power project having one or more boilers of not less than 60 bar (kg/CM3) pressure each, commissioned after the first day of January 2013 (for details, refer to note 4.9).

**40.4** For tax contingencies, refer to note 19.1.1 to 19.1.14

| | | 2021 | 2020 |
|---|---|---|---|
| **41. EARNINGS PER SHARE - BASIC AND DILUTED** | | | |
| **Basic earnings per share** | | | |
| Profit for the year | **Rupees** | 4,878,296,218 | 1,398,516,646 |
| Weighted average number of ordinary shares | **Numbers** | 59,776,661 | 59,776,661 |
| Basic earnings per share | **Rupees** | 81.61 | 23.40 |

There is no dilutive effect on the basic earnings per share.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **42. CASH GENERATED FROM OPERATIONS** | | | |
| **Profit before taxation** | | 4,447,321,816 | 2,421,340,024 |
| Adjustments for non-cash income and expenses: | | | |
| Fixed energy receivables written off | | 3,325,977,231 | – |
| Finance cost | | 2,245,180,407 | 3,550,396,765 |
| Depreciation and impairment of operating fixed assets | | 1,696,020,395 | 1,373,631,479 |
| Assets written off | 20.1.12 | 362,499,152 | 215,175,299 |
| Staff retirement benefits | | 151,811,708 | 123,649,274 |
| Workers' Profit Participation Fund | 15.3 | 234,729,641 | 130,039,744 |
| Provision for obsolescence | | 167,952,997 | 122,424,150 |
| Depreciation of right-of-use assets | | 107,379,358 | 92,984,996 |
| Workers' Welfare Fund | 15.4 | 12,541,355 | 49,415,103 |
| Advances and other receivables written off | | 11,974,827 | – |
| Amortization of transaction cost | 8 | 6,562,720 | 4,656,834 |
| Amortization of intangibles | 23.2 | 2,039,728 | 2,039,728 |
| Fair value gain on initial recognition of agricultural produce | | (901,813,978) | (334,648,381) |
| Interest income | | (612,711,491) | (62,721,381) |
| Net fair value gain on biological assets | | (368,872,933) | (153,401,804) |
| Reversal of impairment loss in FPML | | (81,941,086) | – |
| Gain on disposal of operating fixed assets | 37 | (36,093,706) | (22,699,478) |
| Gain on derecognition of the right of-use assets | | (53,298,299) | – |
| Liabilities no longer payable written back | | (43,297,402) | – |
| Provision for doubtful trade receivables / advances | | – | 39,388,369 |
| Foreign exchange loss | 38 | – | 8,839,481 |
| Impairment allowance against sugar export subsidy | | – | 355,496,190 |
| | | 6,226,640,624 | 5,494,666,368 |
| | | 10,673,962,440 | 7,916,006,392 |
| **Working capital changes:** | | | |
| Trade receivables | | 1,346,117,459 | (1,168,425,910) |
| Stores, spare parts and loose tools | | (9,267,651) | (274,390,442) |
| Biological assets | | 901,139,429 | 1,068,934,511 |
| Advances, deposits, prepayments and other receivables | | (98,783,783) | (54,275,252) |
| Stock-in-trade | | 2,104,979,589 | 7,520,306,884 |
| Lease receivable | | 43,288,451 | – |
| Trade and other payables | | (117,576,628) | (474,333,912) |
| Advances from customers | | (1,613,810,104) | (6,413,489,479) |
| | | 2,556,086,762 | 204,326,400 |
| **Cash generated from operations** | | 13,230,049,202 | 8,120,332,792 |

## 43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company are as follows:

| | | | Directors | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive | | Executive | | Non - Executives | | Executives | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Managerial remuneration | 28,500,000 | 203,120,000 | 175,200,000 | 1,600,000 | 117,333,333 | 83,800,000 | 433,401,948 | 392,584,433 |
| House allowance | 11,400,000 | 81,248,000 | 70,080,000 | 640,000 | 46,933,333 | 33,520,000 | 173,360,779 | 157,033,774 |
| Utilities | 2,850,000 | 20,312,000 | 17,520,000 | 160,000 | 11,733,333 | 8,380,000 | 43,340,195 | 39,258,443 |
| Bonus | – | 100,000,000 | 100,000,002 | – | 62,399,998 | 40,000,000 | 440,006,725 | 579,861,149 |
| Company's contribution towards provident fund | – | – | – | | – | – | 40,162,515 | 36,613,190 |
| Staff retirement benefit - gratuity | – | – | – | – | – | – | 4,250,304 | 3,176,704 |
| | 42,750,000 | 404,680,000 | 362,800,002 | 2,400,000 | 238,399,997 | 165,700,000 | 1,134,522,466 | 1,208,527,693 |
| Number of persons | 1 | 1 | 1 | 1 | 2 | 2 | 103 | 73 |

**43.1** In addition to the above, two directors (2020: Chief Executive and one director) and some of the Executives are provided with free use of Company maintained cars and certain other benefits.

**43.2** Meeting fee was paid to one Independent Director of the Company during the year amounting to Rs. Nil (2020: Rs. 200,000).

**43.3** Mr. Jahangir Khan Tareen, an Executive Director (2020: Chief Executive Officer) and family owned business concerns are permitted to use the Company maintained aircraft for private trips, subject to availability, for which the proportionate share of operating expenses is reimbursed to the Company. During the year, Rs. 61.715 million (2020: Rs. 51.66 million) was charged for the use of aircraft.

## 44. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 44.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### 44.1.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties are regularly monitored and assessed.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at unconsolidated statement of financial position date is:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| **Financial assets at amortized cost** | | |
| Long term deposits | 95,186,741 | 57,116,542 |
| Lease receivable | 69,633,908 | – |
| Trade receivables | 3,496,495,038 | 7,395,834,681 |
| Advances, deposits and other receivables | 68,293,864 | 39,405,532 |
| Bank balances | 243,487,040 | 124,059,701 |
| | 3,973,096,591 | 7,616,416,456 |

**Concentration of credit risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. However, the Company identifies concentration of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Customers: | | |
| - Sugar | 311,288,858 | 129,294,038 |
| - Co-Generation Power | 3,185,206,180 | 7,266,540,643 |
| Banking companies | 243,487,040 | 124,059,701 |
| Others | 233,114,513 | 96,522,074 |
| | 3,973,096,591 | 7,616,416,456 |

**Credit quality and impairment**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

**Trade receivables - considered good**

Majority of the Company's revenue are on advance basis and trade receivables mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited, a Government owned entity and are secured by guarantee from GoP under the Implementation Agreements. Hence, the management believes that no impairment allowance is necessary in respect of these receivables (for details, refer to note 30.2).

The aging of trade receivables at the reporting date is:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Gross carrying amount | Accumulated impairment | Gross carrying amount | Accumulated impairment |
| | Rupees | Rupees | Rupees | Rupees |
| Not past due | 976,065,163 | – | 1,008,282,957 | – |
| Past due | | | | |
| 1 - 365 days | 2,572,102,094 | – | 2,821,863,608 | – |
| 366 - above days | – | 51,672,219 | 3,623,272,391 | 57,584,275 |
| | 3,548,167,257 | 51,672,219 | 7,453,418,956 | 57,584,275 |

Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts / receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Therefore, the Company has no material expected credit loss under IFRS 9 'Financial Instruments' and incurred loss under IAS 39 'Financial Instrument Recognition and Measurement' at the year end.

The above gross carrying amount includes Rs. 3,185 million (2020: Rs. 7,278 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy. Further, the significant amounts of other receivables are also recoverable from CPPA-G and are secured under IAs.

Based on past experience, the management believes that no impairment allowance is necessary in respect of receivables other than CPPA-G as there are reasonable grounds to believe that they will be recovered.

**Bank balances**

Impairment on bank balances has been measured on a 12 months expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The credit quality of the Company's bank balances can be assessed with reference to external credit rating agencies as follows:

| Banks | Rating Long term | Rating Short term | Rating Agency | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|---|
| **Conventional** | | | | | |
| The Bank of Punjab | AA+ | A1+ | PACRA | 143,142,246 | 8,174,264 |
| MCB Bank Limited | AAA | A1+ | PACRA | 50,187,860 | 21,598,421 |
| National Bank of Pakistan | AAA | A1+ | PACRA | 30,098,417 | 81,906,664 |
| Habib Bank Limited | AAA | A1+ | JCR-VIS | 4,667,761 | 2,378,739 |
| Sindh Bank Limited | A+ | A1 | JCR-VIS | 559,788 | 41,850 |
| United Bank Limited | AAA | A1+ | JCR-VIS | 158,897 | 382,521 |
| Faysal Bank Limited | AA | A1+ | PACRA | 152,110 | 6,400,533 |
| The Bank of Khyber | A | A1 | PACRA | 115,031 | 59,402 |
| Allied Bank Limited | AAA | A1+ | PACRA | 66,424 | 53,032 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 61,781 | 132,814 |
| Summit Bank Limited | A- | A-1 | JCR-VIS | 17,774 | 52,437 |
| JS Bank Limited | AA- | A1+ | PACRA | 11,892 | – |
| Askari Bank Limited | AA+ | A1+ | PACRA | 11,724 | 84,137 |
| Soneri Bank Limited | AA- | A1+ | PACRA | 10,000 | 21,894 |
| The First Microfinance Bank Limited | A+ | A1 | JCR-VIS | 10,000 | 17,438 |
| Bank Al Habib Limited | AAA | A1+ | PACRA | 9,842 | 8,933 |
| Silk Bank Limited | A- | A2 | JCR-VIS | 5,386 | 5,386 |
| Tameer Bank Limited | A+ | A1 | PACRA | – | 38,012 |
| MCB Bank | | | | | |
| (Formally NIB Bank Limited) | AAA | A1+ | PACRA | – | 14,240 |
| | | | | 229,286,933 | 121,370,717 |
| **Islamic** | | | | | |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | 11,520,302 | 4,793 |
| Bank Islamic (Pakistan) Limited | A+ | A1 | PACRA | 1,046,218 | 73,862 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 682,220 | – |
| MCB Islamic Bank Limited | A | A1 | PACRA | 658,783 | 444,402 |
| National Bank of Pakistan | AAA | A1+ | PACRA | 183,054 | 923,680 |
| Albaraka Bank (Pakistan) Limited | A | A1 | PACRA | 63,725 | 251,424 |
| Al Baraka Bank (Pakistan) Limited | | | | | |
| (Formally Burj Bank Limited) | A | A1 | PACRA | 20,016 | 20,016 |
| Askari Bank Limited | AA+ | A1+ | PACRA | 11,664 | 958,983 |
| Dubai Islamic Bank (Pakistan) Limited | AA | A1+ | JCR-VIS | 7,801 | 856 |
| Faysal Bank Limited | AA | A1+ | PACRA | 6,324 | 10,968 |
| | | | | 14,200,107 | 2,688,984 |
| | | | | 243,487,040 | 124,059,701 |

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

### Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries, receivables from related parties and deposits with government entities and financial institution. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

### 44.1.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Company has sufficient running finance facilities available from various commercial and Islamic banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board of Directors.

**Exposure to liquidity risk**

**(a)** Contractual maturities of financial liabilities, including estimated interest payments.

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | One to five years | More than five years |
| | Rupees | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Long term finances - secured | 12,350,572,214 | 14,771,940,000 | 4,263,530,000 | 9,726,850,000 | 781,560,000 |
| Short term borrowings | 3,015,112,876 | 4,300,013,976 | 5,766,413,842 | – | – |
| Lease liabilities | 2,104,109,093 | 2,188,782,772 | 819,124,947 | 1,369,657,825 | – |
| Accrued profit / interest / mark-up | 251,304,750 | 251,304,750 | 251,304,750 | – | – |
| Trade and other payables | 1,370,867,750 | 1,370,867,750 | 1,370,867,750 | – | – |
| Unclaimed dividend | 33,748,830 | 33,748,830 | 33,748,830 | – | – |
| | 19,125,715,513 | 22,916,658,078 | 12,504,990,119 | 11,096,507,825 | 781,560,000 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | One to five years | More than five years |
| | Rupees | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Long term finances - secured | 14,303,398,091 | 17,725,649,720 | 4,022,106,888 | 12,922,616,730 | 780,926,102 |
| Short term borrowings | 9,307,988,486 | 11,440,847,771 | 11,440,847,771 | – | – |
| Lease liabilities | 1,460,474,747 | 1,666,395,459 | 787,273,025 | 879,122,434 | – |
| Accrued profit / interest / mark-up | 322,559,265 | 322,559,265 | 322,559,265 | – | – |
| Trade and other payables | 1,714,117,236 | 1,714,117,236 | 1,714,117,236 | – | – |
| Unclaimed dividend | 33,943,018 | 33,943,018 | 33,943,018 | – | – |
| | 27,142,480,843 | 32,903,512,469 | 18,320,847,203 | 13,801,739,164 | 780,926,102 |

Balances due within 12 months equal to their carrying amounts as the impact of discounting is not consider to be significant.

### 44.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### i) Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered ino foreign currencies.

Financial assets of the Company include Rs. 3.25 (2020: Rs. nil) and financial liabilities of the Company include Rs. 42.35 million (2020: Rs. 1.64 million) in foreign currencies which are subject to currency risk exposure. The Company believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

**Foreign currency risk management**

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

**ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these unconsolidated financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | Financial asset | Financial liability | Financial asset | Financial liability |
| **Non-derivative financial instruments** | **Note** | **Rupees** | **Rupees** | **Rupees** | **Rupees** |
| Fixed rate instruments: | | | | | |
| Long term financing - | | | | | |
| SBP Refinance Scheme | 8.1.1 | – | 560,129,192 | – | 769,943,509 |
| | | – | 560,129,192 | – | 769,943,509 |
| Variable rate instruments: | | | | | |
| Long term finances - secured | 8 | – | 11,790,443,022 | – | 13,533,454,582 |
| Lease liabilities | 9 | – | 2,104,109,093 | – | 1,460,474,747 |
| Lease receivable | 26 | 69,633,908 | – | – | – |
| Short term borrowings | 13 | – | 3,015,112,876 | – | 9,307,988,486 |
| Cash at bank | 32.1 | 1,868,139 | – | 321,377 | – |
| | | 71,502,047 | 16,909,664,991 | 321,377 | 24,301,917,815 |
| | | 71,502,047 | 17,469,794,183 | 321,377 | 25,071,861,324 |

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect this unconsolidated statement of profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020.

| Profit or loss (100 bps) | | | |
|---|---|---|---|
| 2021 | | 2020 | |
| Increase | Decrease | Increase | Decrease |
| Rupees | | | |
| (168,381,629) | 168,381,629 | (243,015,964) | 243,015,964 |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

**Interest rate risk management**

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long and short term financing / borrowing and obligation under finance lease has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

**iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

**44.2 Fair value measurements of financial instruments**

**Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these unconsolidated financial statements approximate their fair value.

**Fair value of financial instruments**

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale. Investments in subsidiary companies and associates are carried at cost less accumulated impairment loss.

**Fair value hierarchy**

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers occur. However, there were no transfers amongst levels during the year.

For details of the valuation techniques and significant unobservable inputs related to determining the fair value of biological assets, which are classified in level 3 of the fair value hierarchy, refer to note 27.

## 45. CAPITAL MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as profit before operation divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Total Debt | 16,068,106,077 | 24,185,720,072 |
| Less: Cash and bank balances | (247,319,679) | (128,579,174) |
| Net Debt | 15,820,786,398 | 24,057,140,898 |
| Total Equity | 14,447,546,469 | 9,572,641,063 |
| Total Capital Employed | 30,268,332,867 | 33,629,781,961 |
| | | |
| Gearing | 52% | 72% |

Total debt comprises of long term financing from banking companies / financial institutions, lease obligation towards banks only, short term borrowings and accrued mark-up.

Total equity includes issued, subscribed and paid-up share capital, share premium reserve and accumulated profits.

In accordance with the terms of agreement with the lenders of long term finances, the Company is required to comply with certain financial covenants in respect of capital requirements.

## 46. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies, other related companies, Directors of the Company and entities under common directorship, key management personnel and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these unconsolidated financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

| Name of company | Relationship | Nature of transactions | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **Deharki Sugar Mills** | **Subsidiary Company** | Short term advances paid | 1,620,000,000 | 8,268,648,000 |
| **(Pvt.) Limited** | (Equity held 100%) | Short term advances received | – | 10,038,448,000 |
| | | Mark-up paid on short term | | |
| | | advances | 145,740,768 | 217,256,764 |
| | | Sale of sugarcane | 1,048,539,359 | 1,026,269,504 |
| | | Purchase of bagasse | 544,368,556 | 697,072,638 |
| | | Payment made against purchase | | |
| | | of bagasse | 322,134,328 | – |
| | | Reimbursement on use of | | |
| | | Company's aircraft | 16,022,887 | 15,866,539 |
| | | Rent on land acquired on lease | 8,585,300 | 8,585,300 |
| | | Purchase of agri-inputs | 99,541,406 | 95,858,443 |
| | | Purchase of stores, spare parts | | |
| | | and loose tools | 2,086,265 | – |
| | | Sale of stores, spare parts and | | |
| | | loose tools | 14,092,065 | 16,879,338 |
| | | Sale of operating fixed assets | 29,369,367 | – |
| | | Purchase of property, plant and | | |
| | | equipment | 16,553,472 | – |
| | | Others | 7,886,977 | 1,978,508 |
| **Sadiqabad Power** | **Subsidiary Company** | Advances for issuance of shares | 395,000 | 1,200,000 |
| **(Pvt.) Limited** | (Equity held 100%) | Shares issued during the year | 6,944,000 | – |
| **Ghotki Power** | **Subsidiary Company** | Advances for issuance of shares | 365,000 | 500,000 |
| **(Pvt.) Limited** | (Equity held 100%) | Shares issued during the year | 7,314,000 | – |
| **JDW Aviation** | **Associated Company** | Reimbursement of expenses | 4,323,538 | 4,122,462 |
| **(Pvt.) Limited** | (Common directorship) | Refund of long term security deposit | 2,990,360 | – |
| **Lahore Flying Club** | **Associated Company** | Services rendered against | | |
| **(Guarantee) Limited** | (Related party) | aircraft hangar | 1,764,087 | 1,927,193 |
| **Post employment** | **Other related party** | Provident fund contribution | 223,024,212 | 199,753,714 |
| **benefit plans** | | Payment to recognised gratuity fund | 104,674,839 | 1,036,059 |
| | | Short term advances received | 185,000,000 | 1,070,000,000 |
| | | Short term advances paid | 185,000,000 | 1,070,000,000 |
| | | Mark-up paid on short term advances | 1,505,818 | 15,299,033 |
| **Key management** | **Key management** | Consultancy services | 10,670,281 | 13,123,922 |
| **personnel:** | | Dividend paid | – | 52,623,810 |
| | | Reimbursement of expenses | 5,342,790 | 582,093 |
| | **Kathai-II Hydro** | | | |
| | **(Pvt.) Limited** | Investment in shares | – | 2,500 |

**46.1** Detail of compensation to Chief Executive, Executive Directors, Non-Executive Directors and Executives is disclosed in note 43.

**46.2** There is no outstanding balance as at 30 September 2021 (2020: Nil) in respect of above transactions except as disclosed in respective notes to these unconsolidated financial statements.

**46.3** All transactions with related parties are entered into at agreed terms/contractual arrangement duly approved by the Board of Directors of the Company.

| | 2021 Tons | 2020 Tons |
|---|---|---|

## 47. CAPACITY AND PRODUCTION

| | 2021 Tons | 2020 Tons |
|---|---|---|
| **Sugar** | | |
| **Unit I** | | |
| Crushing capacity | 3,000,000 | 3,000,000 |
| Sugar production | 255,396 | 260,845 |
| | | |
| **Unit II** | | |
| Crushing capacity | 1,500,000 | 1,500,000 |
| Sugar production | 159,800 | 153,173 |
| | | |
| **Unit III** | | |
| Crushing capacity | 2,100,000 | 2,100,000 |
| Sugar production | 140,946 | 134,202 |

The crushing capacity is based on 150 days (2020: 150 days) (for details, refer to note 19.1.15).

The main reason for under utilization of production capacity is lesser availability of sugarcane during the season.

| | 2021 MWh | 2020 MWh |
|---|---|---|
| **Co - Generation Power** | | |
| **Unit II** | | |
| Installed capacity (based on 8,760 hours) | 233,016 | 233,016 |
| Energy generated | 218,299 | 176,510 |
| Energy delivered | 188,399 | 151,953 |
| | | |
| **Unit III** | | |
| Installed capacity (based on 8,760 hours) | 235,031 | 235,031 |
| Energy generated | 170,693 | 163,084 |
| Energy delivered | 141,530 | 138,420 |

Energy delivered to CPPA-G is dependent on the plant availability.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Corporate Farms** | **Zones** | **Acres/Maunds** | **Zones** | **Acres/Maunds** |
| Land (Acres) | Punjab & Sindh | 25,835 | Punjab & Sindh | 26,393 |
| Land under cultivation (Acres) | Punjab & Sindh | 20,539 | Punjab & Sindh | 22,011 |
| Crop harvested (Maunds) | Punjab & Sindh | 17,079,808 | Punjab & Sindh | 17,953,529 |

## 48. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Equity | | Liabilities | | | | |
| | Issued, subscribed and paid - up capital | Share premium | Unclaimed Dividend | Long term finances - secured | Lease Liabilities | Short term borrowings | Accrued profit / interest / mark - up |
| | Rupees | | | | | | |
| Balance as at 01 October 2020 | 597,766,610 | 678,316,928 | 33,943,018 | 14,303,398,091 | 1,460,474,747 | 9,307,988,486 | 322,559,265 |
| **Changes from financing cash flows** | | | | | | | |
| Loans received during the year | - | - | - | 866,666,669 | - | 123,861,908,679 | - |
| Payments for lease liabilities | - | - | - | - | (889,296,947) | - | - |
| Dividend paid | - | - | (194,188) | - | - | - | - |
| Interest paid during the year | - | - | - | - | - | - | (2,144,894,240) |
| Loan repaid during the year | - | - | - | (2,859,494,060) | - | (128,246,668,819) | - |
| | - | - | (194,188) | (1,992,827,391) | (889,296,947) | (4,384,760,140) | (2,144,894,240) |
| **Other changes - liability related** | | | | | | | |
| Interest expense for the year | - | - | - | - | 178,103,402 | - | 2,073,639,725 |
| Addition in lease liabilities | - | - | - | - | 1,405,892,658 | - | - |
| Dividend approved | - | - | - | - | - | - | - |
| Decrease in short term finances | - | - | - | - | - | (1,908,115,470) | - |
| Impact of IAS 20 | - | - | - | 40,001,514 | - | - | - |
| Amortization of transaction cost | - | - | - | - | - | - | - |
| Others | - | - | - | - | (51,064,767) | - | - |
| **Total liability-related other changes** | - | - | - | 40,001,514 | 1,532,931,293 | (1,908,115,470) | 2,073,639,725 |
| **Balance as at 30 September 2021** | 597,766,610 | 678,316,928 | 33,748,830 | 12,350,572,214 | 2,104,109,093 | 3,015,112,876 | 251,304,750 |

| | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Equity | | Liabilities | | | | |
| | Issued, subscribed and paid - up capital | Share premium | Unclaimed Dividend | Long term finances - secured | Lease Liabilities | Short term borrowings | Accrued profit / interest / mark - up |
| | | | | Rupees | | | |
| Balance as at 30 September 2019 | 597,766,610 | 678,316,928 | 31,620,357 | 9,035,809,365 | 224,596,749 | 16,513,317,010 | 742,677,623 |
| Impact of initial application of IFRS 16 | - | - | - | - | 1,508,973,262 | - | - |
| Balance as at 01 October 2019 - adjusted | 597,766,610 | 678,316,928 | 31,620,357 | 9,035,809,365 | 1,733,570,011 | 16,513,317,010 | 742,677,623 |
| **Changes from financing cash flows** | | | | | | | |
| Loans received during the year | - | - | - | 12,791,621,824 | - | 156,478,081,420 | - |
| Payments for lease liabilities | - | - | - | - | (860,856,028) | - | - |
| Dividend paid | - | - | (595,443,949) | - | - | - | - |
| Transaction cost paid during the year | - | - | - | (45,975,000) | - | - | - |
| Interest paid during the year | - | - | - | - | - | - | (3,779,567,349) |
| Loan repaid during the year | - | - | - | (7,419,325,110) | - | (163,405,184,781) | - |
| | - | - | (595,443,949) | 5,326,321,714 | (860,856,028) | (6,927,103,361) | (3,779,567,349) |
| **Other changes - liability related** | | | | | | | |
| Interest expense for the year | - | - | - | - | 190,947,774 | - | 3,359,448,991 |
| Addition in lease liabilities | - | - | - | - | 398,032,110 | - | - |
| Dividend approved | - | - | 597,766,610 | - | - | - | - |
| Decrease in short term finances | - | - | - | - | - | (278,225,163) | - |
| Impact of IAS 20 | - | - | - | (63,389,822) | - | - | - |
| Amortization of transaction cost | - | - | - | 4,656,834 | - | - | - |
| Others | - | - | - | - | (1,219,120) | - | - |
| Total liability-related other changes | - | - | 597,766,610 | (58,732,988) | 587,760,764 | (278,225,163) | 3,359,448,991 |
| **Balance as at 30 September 2020** | 597,766,610 | 678,316,928 | 33,943,018 | 14,303,398,091 | 1,460,474,747 | 9,307,988,486 | 322,559,265 |

## 49. NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

| | 2021 Number | 2020 Number |
|---|---|---|
| Average number of employees during the year | 7,753 | 7,837 |
| Total number of employees as at 30 September | 5,646 | 5,673 |

## 50. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 05 January 2022 by the Board of Directors of the Company.

## 51. SUBSEQUENT EVENTS

**51.1** The Company has filed an application dated 08 December 2021 to Securities Exchange Commission of Pakistan ('SECP') for Group Taxation under regulation 8 of the Group Companies Registration Regulation 2008. The above mentioned application has been considered by the SECP dated 27 December 2021 and issued the designation letter to the Company for Group Taxation for the Group which comprises of the Company and its wholly owned subsidiary, Deharki Sugar Mills (Pvt.) Limited.

**51.2** The Board of Directors in their meeting held on 05 January 2022 has proposed final cash dividend for the year ended 30 September 2021 of Rs. 10 (2020: Rs. Nil) per share amounting to Rs. 597.766 million (2020: Rs. Nil) subject to the approval of the Company in the forthcoming annual general meeting. These financial statements do not include the effect of the above which will be accounted for in the year in which it is approved.

## 52. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever considered necessary, for the purposes of comparison and better presentation to comply with the requirements of the accounting and reporting standards as applicable in Pakistan, however, no significant re-arrangements and reclassification have been made during the year except sale of mud re-classified from "other income" to "revenue from contracts with customers" having value Rs. 187.44 million in financial year 2020.

Chief Financial Officer　　　　Chief Executive　　　　Director

# 05

# Consolidated Financial Statements

# DIRECTORS' REPORT
## on Consolidated Financial Statements

The Directors are pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited ("the Holding Company"), its Subsidiary Companies; Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited ("the Group") and its Associated Companies; JDW Power (Private) Limited and Kathai-II Hydro (Private) Limited for the year ended 30 September 2021.

Deharki Sugar Mills (Private) Limited ("DSML") was incorporated as a Private Limited Company. The Principal activity of Subsidiary Company is production and sale of crystalline sugar. The Holding Company holds 100% shares of the Subsidiary Company.

Faruki Pulp Mills Limited ("FPML") was incorporated as a Public Limited Company, with the primary objective to manufacture and sale of paper pulp. The Holding Company holds 57.67% shares of the Subsidiary Company. Further FPML has been, for the considerable number of years, unable to commence its commercial operations and considering this fact management of subsidiary company has principally decided not to inject further funds in the company as significant capital expenditure are required. Moreover, keeping in view commercial viability of the plant as well as the substantial accumulated losses the management of the Subsidiary Company has determined that the company might not be able to realize its assets and discharge its liabilities in the normal course of business. During the last year, the FPML through a special resolution passed in its Extraordinary General Meeting held on March 25, 2020 resolved to dispose of its property, plant and equipment either in parts or in their entirety to prospective buyers after due process, but due to COVID-19 Situation in the country this was not completed during the current year and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021. We intend to complete this process in the calendar year 2022.

Ghotki Power (Private) Limited ("GPL") was incorporated on 15 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. The Holding Company holds 100% shares of the Subsidiary Company.

Sadiqabad Power (Private) Limited ("SPL") was incorporated on 16 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. The Holding Company holds 100% shares of the Subsidiary Company.

JDW Power (Private) Limited ("JDWPL") is a private limited company incorporated in Pakistan on 08 August 2009 under the repealed Companies Ordinance, 1984. The principal activity of it is to build, own, operate, and maintain a Co-Generation Power Plant. The Holding Company holds 47.37% shares of the Associated Company.

The Holding Company acquired the 20% shareholding in Kathai-II Hydro (Private) Limited ("the Associate") on 12 November 2019. The Associate is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of the associate is to generate, distribute and sell electricity.

It is being confirmed that to the best of our knowledge, these consolidated financial statements for the year ended 30 September 2021 give a true and fair view of the assets, liabilities, financial position and financial results of the Group and are in conformity with approved accounting standards as applicable in Pakistan.

### FINANCIAL OVERVIEW

The consolidated financial results are as follows:

**(Rs. in Million)**

| | 2020-21 | 2019-20 |
|---|---|---|
| Gross Revenue | 74,796 | 69,291 |
| Revenue from Contracts with Customers | 65,256 | 59,672 |
| Profit from Operations | 7,283 | 6,786 |
| Profit before Tax | 4,761 | 2,855 |
| Profit after Tax | 4,068 | 1,568 |

Directors have given their detailed report of affairs of the Holding Company, Subsidiary Companies as well as Associated Companies in Directors' report to the shareholders of the Holding Company.

05 January 2022 — Chief Executive — Director

Lahore

# ڈائریکٹرز رپورٹ

ڈائریکٹرز خوشی کے ساتھ جے ڈی ڈبلیو شوگر ملز اور اسکے زیریں ادارے ڈہرکی شوگر ملز پرائیویٹ لمیٹڈ، فاروقی پلپ ملز لمیٹڈ، صادق آباد پاور پرائیویٹ لمیٹڈ، گھوٹکی پاور پرائیویٹ لمیٹڈ اور منسلک ادارے جے ڈی ڈبلیو پاور پرائیوٹ لمیٹڈ، کتھائی ہائیڈرو-II پرائیویٹ لمیٹڈ کی سالانہ آڈٹیڈ مالیاتی رپورٹ برائے سال 30 ستمبر 2021 پیش کررہے ہیں۔

ڈہرکی شوگر ملز پرائیویٹ لمیٹڈ کمپنی ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ذیلی ادارے کا بنیادی کام گنے سے چینی بنانا اور بیچنا ہے۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

فاروقی پلپ ملز لمیٹڈ کو پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام پیپر پلپ بنانا اور بیچنا ہے۔ کمپنی اب تک کاروباری سرگرمی شروع نہیں کرسکی ہے۔ اس ذیلی کمپنی کے 57.67 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔ رواں مالی سال میں کمپنی کی ناقص کاروباری حالت کو مدنظر رکھتے ہوئے فاروقی پلپ کمپنی کی مینجمنٹ نے خاص قرارداد اپنی ایکسٹرا آرڈینری جنرل میٹنگ منعقدہ 25 مارچ 2020 کو منظور کی۔ جس میں کمپنی کے اثاثے فروخت کرنے کی منظوری دی گئی۔ اثاثوں کی فروخت کا طریقہ کار تمام ضروری اقدامات مکمل کرنے کے بعد یکمشت یا حصوں میں ہونا تھا جو کہ کرونا وائرس کی وجہ سے پایا تکمیل نہ پاسکا بعد ازاں 13 دسمبر 2021 کو حصص داروں نے دوبارہ منظوری دے دی۔

گھوٹکی پاور پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

صادق آباد پاور پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

جے ڈی ڈبلیو پاور پرائیوٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس کمپنی کے 47.37 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

کتھائی ہائیڈرو-II پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہے۔ اس کمپنی کے 20 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں جو کمپنی نے 12 نومبر 2019 کو حاصل کیے تھے۔

ہم اس بات کی تصدیق کرتے ہیں کہ ہماری بہترین معلومات کے مطابق یہ سالانہ آڈٹیڈ مالیاتی رپورٹ برائے 30 ستمبر 2020 پاکستان میں منظور شدہ اکاؤنٹنگ سٹنڈرڈ کے مطابق ہے اور اپنے تمام اثاثوں، واجبات اور مالیاتی پوزیشن کی سچی اور منصفانہ تصویر پیش کررہی ہے۔

سالانہ مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپے)

| | 2020-21 | 2019-20 |
|---|---|---|
| مجموعی فروخت | 74,796 | 69,291 |
| خالص فروخت | 65,256 | 59,673 |
| کارکردگی منافع | 7,283 | 6,786 |
| قبل از ٹیکس منافع | 4,761 | 2,855 |
| بعد از ٹیکس منافع | 4,608 | 1,568 |

ڈائریکٹرز نے اس رپورٹ میں اپنے تمام شیئر ہولڈرز کو ہولڈنگ ادارے اور اسکی تمام ذیلی اور منسلک اداروں کی تفصیلی امور سے آگاہ کیا ہے۔

۵ جنوری ۲۰۲۲

لاہور

چیف ایگزیکیوٹیو

ڈائریکٹر

# INDEPENDENT AUDITORS' REPORT

To the members of JDW Sugar Mills Limited

### Opinion

We have audited the annexed consolidated financial statements of **JDW Sugar Mills Limited** and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matters

We draw attention to following matters:

- Refer to note 1.4 to these consolidated financial statements, which describes that intention of Faruki Pulp Mills Limited – Subsidiary Company to liquidate its property, plant and equipment and other assets and is no longer a going concern, therefore, the financial statements of Faruki Pulp Mills Limited have been prepared using liquidation basis of accounting.

- Refer to note 19.1.19 to these consolidated financial statements, which describes the Commission of Inquiry has highlighted discrepancies with respect to crushing capacity of the Holding Company and standard business practice of Pakistan sugar industry.

Our opinion is not modified in respect of above matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**RIAZ AHMAD, SAQIB, GOHAR & CO.**
Chartered Accountants

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A member of agn INTERNATIONAL

Following are the Key Audit Matter(s):

| Sr. No. | Key audit matters | How the matters was addressed in our audit |
|---|---|---|
| 1 | **Revenue recognition** | |
| | Refer to notes 4.13 and 35 to these consolidated financial statements.<br><br>The Group principally generates revenue from sale of crystalline sugar, agriculture produce and electricity.<br><br>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets. | Our audit procedures, amongst others, included the following:<br>• obtained an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue;<br>• assessed the appropriateness of the Group's accounting policy for recording of revenue and compliance of the policy with International Financial Reporting Standard 15 (IFRS 15);<br>• reviewed the management procedures carried out for evaluation of contractual arrangements with customers (oral and written) with respect to identification of each party's rights regarding the goods to be transferred and revenue has been recognized after meeting the conditions of IFRS 15;<br>• reviewed a sample of contractual arrangement entered into by the Group with its customers and checking the Group's obligation to transfer goods to a customer; for which the Group has received consideration, has been satisfied before recognition of revenue;<br>• compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents;<br>• compared a sample of sale transactions recorded before and after reporting period and near the year end with relevant underlying documentation to assess whether revenue has been recorded in the appropriate accounting period;<br>• compared a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assess whether the revenue has been recorded in the appropriate accounting period;<br>• for a sample of invoices, recalculated the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA);<br>• scanned for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation; and<br>• assessed the adequacy of disclosures in these consolidated financial statements to be in accordance with the applicable accounting and reporting standards. |

| Sr. No. | Key audit matters | How the matters was addressed in our audit |
|---|---|---|
| 2 | **Master Agreement and EPA Amendment Agreement** | |
| | Referred to note 1.2 and 30.2.1 to these consolidated financial statements.<br><br>On February 12, 2021, the Holding Company signed the Amendment to the Energy Purchase Agreement (EPA) and Master Agreement (the Agreements) with the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G/Power Purchaser) whereby settlements relating to fixed energy revenue dispute and its receivables have been made. The settlement resulted in an impairment of Rs. 3,326 million.<br><br>Further, subject to the terms of the EPA Amendment Agreement, CPPA-G and the Holding Company shall jointly proceed to file application for disposal of pending litigation before the Courts in relation to the matter in respect of the EPA.<br><br>Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgement, therefore, we considered this as a key audit matter. | Our audit procedures, amongst others, included the following:<br>• assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the applicable accounting policies of the Group;<br>• obtained and assessed details of the Agreements and discussed the same with the Group's management;<br>• inspected the minutes of the meetings of Board of Directors during the year ended 30 September 2021;<br>• checked that the invoices raised by the Holding Company during the year are in accordance with the requirements of EPA and the aforesaid Agreements;<br>• circularized confirmation of trade receivables to CPPA-G;<br>• assessed the adequacy of impairment in relation to the disputed capacity receivables; and<br>• assessed adequacy of the accounting treatment and related disclosures made in the consolidated financial statements, to be in accordance with the applicable accounting and reporting standards. |
| 3 | **Valuation of biological assets (standing sugarcane)** | |
| | Refer to notes 4.7 & 27 to these consolidated financial statements.<br><br>Significant judgement and estimates are used in determining the fair value of biological assets. At 30 September 2021, the fair value of the standing sugarcane is Rs. 2,335 million which constitutes a significant balance on the consolidated statement of financial position.<br><br>The value of standing sugarcane is based on the current estimated cane price for the following season and sucrose content less the estimated cost of harvesting, transport and other related cost.<br><br>Significant judgement is required in estimating the expected cane yield, the maturity of the cane and the estimated sucrose content for the various operating locations and is also considered subjective since it is based on executive management, its experience, expectations and relevant current external factors.<br><br>Given the value of the biological assets, together with the significant judgement and estimates that are required in determining the fair value, the valuation of biological assets is considered a key audit matter. | Our procedures performed in considering the appropriateness of the valuation of standing sugarcane included the following:<br>• management's representation with regards to the valuation techniques and fair presentation of the biological assets were obtained and evaluated;<br>• critically evaluated the fair value methodology against criteria in IAS 41 'Agriculture' and IFRS 13 'Fair Value Measurement', measurements and key assumptions applied by management in determining the fair value of the standing sugarcane;<br>• examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;<br>• performed sensitivities to assess the impact of changes in the significant inputs;<br>• reviewed the principles used in the valuation of standing sugarcane and analysed the key assumptions used in the valuation model;<br>• detailed testing on the key inputs into the standing sugarcane valuation model including estimated yields, estimated sucrose content and forecast price to confirm the validity, accuracy and completeness of the data by comparing the data to market and other external data where applicable; |

| Sr. No. | Key audit matters | How the matters was addressed in our audit |
|---|---|---|
| | | • compared the prior year's estimated yields, estimated sucrose content and forecast price to the current year actuals attained to assess the reasonableness and accuracy of management' estimates;<br>• reviewed the formulae as per the model and recalculating for mathematical accuracy; and<br>• evaluated the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities to ensure that they are in compliance with the IAS 41 and IFRS 13. |
| 4 | **Recognition of deferred tax asset relating to Minimum Turnover Tax and Alternative Corporate Tax (tax credits)** | |
| | Refer to notes 4.10.2 & 10 to these consolidated financial statements.<br><br>Under International Accounting Standard 12 "Income Taxes", the Group is required to review recoverability of the deferred tax assets recognized in the consolidated statement of financial position at each reporting period.<br><br>Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward un-used tax credits can be utilized. The future taxable profits are based on approved projections. This estimation involves a degree of uncertainty and requires<br>judgement in relation to the future cash flows and also involves assessment of timing of reversal of un-used tax credits.<br><br>As at 30 September 2021, the Group has recognized deferred tax asset amounting to Rs. 2,139 million mainly on account of un-used tax credits.<br><br>We considered this as a key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of deductible temporary differences and management judgement regarding assumptions used in this area. | Our audit procedures amongst others included the following:<br>• obtained understanding of management process of preparation of taxable income and liability forecast and deferred tax calculation;<br>• tested management's computation of un-used tax credits for which deferred tax asset has been recognized;<br>• analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considered the ageing analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our internal tax professionals;<br>• assessed the reasonableness of assumptions such as growth rate, future revenue and costs and other relevant information for assessing the quality of Group's forecasting process in determining the future taxable profits;<br>• tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and<br>• assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the applicable accounting and reporting standards. |
| 5 | **Valuation of stock-in-trade** | |
| | Refer to note 29 to the consolidated financial statements.<br><br>Stock-in-trade at the reporting date mainly included bagasse and finished goods (sugar bags).<br><br>The value of stock-in-trade at the reporting date aggregated to Rs. 3,495 million representing 23% of the Group's total current assets.<br><br>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. | We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:<br>• assessed whether the Group's accounting policy for inventory valuation is in line with the applicable financial reporting standards;<br>• attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data;<br>• assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; |

| Sr. No. | Key audit matters | How the matters was addressed in our audit |
|---|---|---|
| | Judgment has also been exercised by the management in determining the net realisable value of finished goods and estimating the stock of bagasse.<br><br>We identified this matter as key in our audit due to the judgment and assumptions applied by the Group in determining the cost and net realisable value of stock-in-trade at the reporting date. | • re-calculated the value of stock in trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology;<br>• performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices; and<br>• assessed the adequacy of disclosures in these consolidated financial statements to be in accordance with the applicable accounting and reporting standards. |
| 6 | **Financing obligations and compliance with related covenant requirements** | |
| | Refer notes 8 & 13 to these consolidated financial statements.<br><br>At the reporting date, the Group has outstanding financing facilities (both long and short term) aggregating Rs. 18,320 million which constitutes 74% of total liabilities of the Group.<br><br>The Group's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing.<br><br>Further, new financing arrangements entail additional financial and non-financial covenants for the Group to comply with.<br><br>The significance level of financing facilities obtained along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter. | Our audit procedures in relation to verification of long and short term financing mainly included the following:<br>• reviewed terms and conditions of financing agreements entered into by the Group with various banks and financial institutions;<br>• obtained direct balance confirmations from banks and financial institutions and verified outstanding obligations and certain other information from such confirmations;<br>• reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities;<br>• assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants;<br>• assessed the adequacy of disclosures made in respect of the long and short term financing / borrowings in these consolidated financial statements; and<br>• checked on test basis the calculations of finance cost recognised in the consolidated statement of profit or loss. |
| 7 | **Contingencies** | |
| | Refer to note 19.1 to these consolidated financial statements.<br><br>The Group is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.<br><br>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the consolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses. For such reasons, we have considered the contingencies as a key audit matter. | Our audit procedures in this area included, amongst others, the following:<br>• obtained an understanding of the Group's processes and controls over litigations through meeting with the management, review of the minutes of the Board of Directors;<br>• reviewing the correspondence of the Group with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities;<br>• obtained and reviewed direct confirmations from the Group's external advisors for their views on the legal position of the Group in relation to the contingent matters;<br>• involved our internal tax professionals to assess management's conclusions on contingent tax matters; and<br>• evaluated the adequacy of disclosures made in respect of these contingencies in accordance with the applicable accounting and reporting standards. |

**Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2021, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali Rafique.

Riaz Ahmad / Saqib Gohar & Co.

05 January 2022
Lahore

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Share capital | 6 | 597,766,610 | 597,766,610 |
| Share premium reserve | 7 | 678,316,928 | 678,316,928 |
| Accumulated profit | | 14,693,902,094 | 10,084,649,740 |
| Equity attributable to owners of the Holding Company | | 15,969,985,632 | 11,360,733,278 |
| Non - controlling interest | 34 | 376,074,277 | 380,384,451 |
| | | 16,346,059,909 | 11,741,117,729 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finances - secured | 8 | 11,024,207,181 | 13,693,321,658 |
| Lease liabilities | 9 | 1,313,728,626 | 766,591,223 |
| Deferred taxation | 10 | 114,896,886 | 1,050,724,523 |
| Retirement benefits | 11 | 55,987,252 | 104,616,023 |
| Deferred income - Government grant | 12 | 865,645 | 19,411,355 |
| | | 12,509,685,590 | 15,634,664,782 |
| **CURRENT LIABILITIES** | | | |
| Short term borrowings | 13 | 3,433,591,564 | 7,680,241,848 |
| Current portion of non-current liabilities | 14 | 4,633,829,429 | 3,781,258,895 |
| Trade and other payables | 15 | 2,364,582,644 | 2,820,956,936 |
| Advances from customers | 16 | 1,408,574,415 | 4,514,941,936 |
| Unclaimed dividend | 17 | 33,748,830 | 33,943,018 |
| Accrued profit / interest / mark-up | 18 | 308,968,644 | 364,353,524 |
| | | 12,183,295,526 | 19,195,696,157 |
| Liabilities classified as held for sale | 33 | 37,417,291 | 38,967,238 |
| | | 12,220,712,817 | 19,234,663,395 |
| **CONTINGENCIES AND COMMITMENTS** | 19 | | |
| | | 41,076,458,316 | 46,610,445,906 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 20 | 23,377,311,554 | 24,651,487,525 |
| Right-of-use assets | 21 | 1,836,163,006 | 1,157,421,198 |
| Investment property | 22 | 185,854,012 | 185,854,012 |
| Intangibles | 23 | 612,747,625 | 614,795,982 |
| Long term investments | 24 | – | – |
| Long term deposits | 25 | 95,250,741 | 57,180,542 |
| | | 26,107,326,938 | 26,666,739,259 |
| **CURRENT ASSETS** | | | |
| Right-of-use assets | 21 | 43,462,361 | 19,040,329 |
| Short term investments | 24 | – | – |
| Lease receivables | 26 | 69,633,908 | – |
| Biological assets | 27 | 2,335,200,206 | 1,820,115,980 |
| Stores, spare parts and loose tools | 28 | 1,649,257,253 | 1,778,983,572 |
| Stock-in-trade | 29 | 3,495,317,580 | 4,709,113,989 |
| Trade receivables | 30 | 4,496,926,781 | 8,742,611,307 |
| Advances, deposits, prepayments and other receivables | 31 | 1,256,355,084 | 1,325,352,644 |
| Advance tax - net | | 386,597,266 | 266,007,902 |
| Cash and bank balances | 32 | 283,941,075 | 318,004,072 |
| | | 14,016,691,514 | 18,979,229,795 |
| Assets classified as held for sale | 33 | 952,439,864 | 964,476,852 |
| | | 14,969,131,378 | 19,943,706,647 |
| | | 41,076,458,316 | 46,610,445,906 |

Chief Executive

Director

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **Continuing operations:** | | | |
| **Gross revenue** | | 74,795,659,428 | 69,290,970,220 |
| Sales tax and commission | | (9,539,903,645) | (9,618,223,868) |
| **Revenue from contracts with customers** | 35 | 65,255,755,783 | 59,672,746,352 |
| Cost of revenue | 36 | (53,729,963,559) | (50,915,640,521) |
| **Gross profit** | | 11,525,792,224 | 8,757,105,831 |
| | | | |
| Administrative expenses | 37 | (2,589,772,225) | (1,925,471,339) |
| Selling expenses | 38 | (145,038,749) | (66,066,218) |
| Other income | 39 | 2,218,137,777 | 736,920,297 |
| Other expenses | 40 | (3,726,228,216) | (716,244,068) |
| | | (4,242,901,413) | (1,970,861,328) |
| **Profit from operations** | | 7,282,890,811 | 6,786,244,503 |
| | | | |
| Share of loss of associate | 24.1 | – | (2,500) |
| Finance cost | 41 | (2,522,145,814) | (3,931,512,829) |
| **Profit before taxation** | | 4,760,744,997 | 2,854,729,174 |
| Taxation | 42 | (141,924,964) | (1,296,320,063) |
| **Profit from continuing operations** | | 4,618,820,033 | 1,558,409,111 |
| | | | |
| **Discontinued operations:** | | | |
| (Loss) /profit from discontinued operations – net of tax | 43.1 | (10,487,041) | 9,834,841 |
| **Profit for the year** | | 4,608,332,992 | 1,568,243,952 |
| | | | |
| **Attributable to:** | | | |
| Owners of the Holding Company | | 4,612,643,166 | 1,564,201,832 |
| Non - controlling interest | 43.2 | (4,310,174) | 4,042,120 |
| | | 4,608,332,992 | 1,568,243,952 |
| | | | |
| **Earnings per share - basic and diluted** | | | |
| Continuing operations | | 77.27 | 26.07 |
| Discontinued operations | | (0.10) | 0.10 |
| Attributable to owners of the Holding Company | 44 | 77.17 | 26.17 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer Chief Executive Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2021

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **Profit for the year** | | 4,608,332,992 | 1,568,243,952 |
| | | | |
| **Other comprehensive loss** | | | |
| | | | |
| **Items that will not be subsequently reclassified to profit or loss:** | | | |
| | | | |
| Re-measurement of defined benefit liability | 11.4 | (4,775,791) | (1,371,055) |
| Related tax | 10.3 | 1,384,979 | 397,606 |
| | | (3,390,812) | (973,449) |
| **Total comprehensive income for the year** | | 4,604,942,180 | 1,567,270,503 |
| | | | |
| **Attributable to:** | | | |
| Owners of the Holding Company | | 4,609,252,354 | 1,563,228,383 |
| Non - controlling interest | 43.2 | (4,310,174) | 4,042,120 |
| | | 4,604,942,180 | 1,567,270,503 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer　　Chief Executive　　Director

# CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 September 2021

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash generated from operations** | 45 | 11,470,250,706 | 11,043,611,102 |
| Taxes paid | | (1,192,605,185) | (651,850,482) |
| Staff retirement benefits paid | | (237,187,490) | (119,476,815) |
| Workers' Welfare Fund paid | 15.4 | (55,128,962) | – |
| Long term deposits | | (34,275,044) | (6,203,315) |
| Interest income received | | 390,600,832 | 81,837,089 |
| Workers' Profit Participation Fund paid | 15.3 | (160,656,876) | (73,252,002) |
| | | (1,289,252,725) | (768,945,525) |
| **Net cash generated from operating activities** | | 10,180,997,981 | 10,274,665,577 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | | (669,598,828) | (489,829,053) |
| Proceeds from disposal of operating fixed assets | 20.1.13 | 65,846,167 | 36,756,046 |
| Right-of-use assets | | 1,507,655 | (7,489,445) |
| Investment property | | – | (5,542,850) |
| Investment in associate | | – | (2,500) |
| **Net cash used in investing activities** | | (602,245,006) | (466,107,802) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | 52 | | |
| Long term finances - net | | (1,931,586,596) | 5,497,199,488 |
| Short term borrowings - net | | (2,082,957,755) | (8,833,386,931) |
| Financial charges paid as: | | | |
| - finance cost | | (2,545,087,957) | (4,189,189,019) |
| - interest on lease liability | | (178,103,402) | (190,947,774) |
| Principal portion of lease liability paid | | (711,193,545) | (669,908,254) |
| Dividend paid | | (194,188) | (595,443,949) |
| **Net cash used in financing activities** | | (7,449,123,443) | (8,981,676,439) |
| **Net increase in cash and cash equivalents** | | 2,129,629,532 | 826,881,336 |
| **Cash and cash equivalents at beginning of the year** | | (3,535,745,781) | (4,321,614,816) |
| **Cash and cash equivalents - discontinued operations** | 43.3 | – | (41,012,301) |
| **Cash and cash equivalents at end of the year** | | (1,406,116,249) | (3,535,745,781) |
| **Cash and cash equivalents comprise of the following:** | | | |
| - Cash and bank balances | 32 | 283,941,075 | 318,004,072 |
| - Running /Morabaha/Karobar/Musharakah finances | 13.2 & 13.6 | (1,690,057,324) | (3,853,749,853) |
| | | (1,406,116,249) | (3,535,745,781) |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021

| | Share capital | Reserves | | | Equity attributable to owners of the Holding Company | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| | | Capital | Revenue | Total reserves | | | |
| | | Share premium | Accumulated profit | | | | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Balance as at 01 October 2019** | 597,766,610 | 678,316,928 | 9,119,187,967 | 9,797,504,895 | 10,395,271,505 | 376,342,331 | 10,771,613,836 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | 1,564,201,832 | 1,564,201,832 | 1,564,201,832 | 4,042,120 | 1,568,243,952 |
| Other comprehensive loss for the year | – | – | (973,449) | (973,449) | (973,449) | – | (973,449) |
| | – | – | 1,563,228,383 | 1,563,228,383 | 1,563,228,383 | 4,042,120 | 1,567,270,503 |
| **Transactions with owners of the Holding Company** | | | | | | | |
| Final cash dividend for the year ended 30 September 2019 @ Rs. 10.00 per share | – | – | (597,766,610) | (597,766,610) | (597,766,610) | – | (597,766,610) |
| **Balance as at 30 September 2020** | 597,766,610 | 678,316,928 | 10,084,649,740 | 10,762,966,668 | 11,360,733,278 | 380,384,451 | 11,741,117,729 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | 4,612,643,166 | 4,612,643,166 | 4,612,643,166 | (4,310,174) | 4,608,332,992 |
| Other comprehensive loss for the year | – | – | (3,390,812) | (3,390,812) | (3,390,812) | – | (3,390,812) |
| | – | – | 4,609,252,354 | 4,609,252,354 | 4,609,252,354 | (4,310,174) | 4,604,942,180 |
| **Balance as at 30 September 2021** | 597,766,610 | 678,316,928 | 14,693,902,094 | 15,372,219,022 | 15,969,985,632 | 376,074,277 | 16,346,059,909 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

## 1. CORPORATE AND GENERAL INFORMATION

**1.1 The Group consists of the Holding Company and its Subsidiary Companies.**

| | 2021 | 2020 |
|---|---|---|
| | Holding percentage | |
| **Holding Company** | | |
| JDW Sugar Mills Limited | | |
| **Subsidiaries:** | | |
| - Deharki Sugar Mills (Private) Limited ("DSML") | 100% | 100% |
| - Ghotki Power (Private) Limited ("GPL") | 100% | 100% |
| - Sadiqabad Power (Private) Limited ("SPL") | 100% | 100% |
| - Faruki Pulp Mills Limited ("FPML") | 57.67% | 57.67% |
| **Associates:** | | |
| - JDW Power (Private) Limited ('JDWPL") | 47.37% | 47.37% |
| - Kathai-II Hydro (Private) Limited ("KHL") | 20% | – |

**1.2** JDW Sugar Mills Limited ("the Holding Company") was incorporated in Pakistan on 31 May 1990 as a private limited company and was subsequently converted into a public limited company on 24 August 1991. Shares of the Holding Company are listed on the Pakistan Stock Exchange Limited. The principal activities of the Holding Company is production and sale of crystalline sugar including its by-products i.e. molasses, bagasse and mud, generation of electricity and managing corporate farms. Geographical location and addresses of all business units are as follows:

- Head office and registered office: 17 - Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan
- Unit-I: Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan
- Unit-II: Machi Goth, Sadiqabad, District Rahim Yar Khan
- Unit-III: Village Laluwali, District Ghotki
- Corporate farms - Punjab Zone
- Corporate farms - Sindh Zone

The Holding Company has executed Energy Purchase Agreements ("EPA") on 20 March 2014 for thirty years with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") for its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at Unit-II and Unit-III.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III of the Holding Company achieved COD on 03 October 2014 after completing all independent testing and certification requirements and commenced supplying renewable electricity to the national grid. Further, the Holding Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

During the year on February 12, 2021, the Holding Company entered into a Novation Agreement to the EPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as "the Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the EPA to CPPA-G and thereafter, NTDC ceased to be a party to the EPA, and CPPA-G became a party to the EPA in place of NTDC. Further, on the same day, the Holding Company entered into the EPA Amendment Agreement, as mentioned below:

**Amendment to the Energy Purchase Agreement (EPA)**

The Holding Company in the larger national interest and sustainability of the power sector, voluntarily agreed to alter its existing contractual arrangements with the CPPA-G for the sale of electricity. In this respect, the Holding Company entered into a "Master Agreement" and an "EPA Amendment Agreement" (hereinafter referred to as the 'Agreements') on February 12, 2021.

Pursuant to the significant terms of these Agreements, the Holding Company will receive its outstanding receivables amounting to Rs 2,041.979 million due from CPPA-G as on November 30, 2020 in two installments. Accordingly, the Holding Company received Rs. 816.833 million as the 1st installment (40%) on June 04, 2021. The remaining 60% amount has been received subsequent to year end. Further, the Holding Company has provided discounts on insurance, operations & maintenance and return on equity in tariff.

Moreover, if the Holding Company operates above the annual 45% plant factor (the "Average PF") in a year, the CPPA-G shall pay 100% variable energy payments and 30% of fixed energy payment for energy dispatched above the Average PF. If below the Average PF, the CPPA-G shall pay monthly energy payment in accordance with clause 3.1.2 of the EPA Amendment Agreement.

In addition to above, delayed payment rates as referred in note 30.2 of these consolidated financial statements has been amended for all future invoices (a) for the first sixty (60) days, 3MK plus two percent per annum; (b) for any period thereafter sixty (60) days, 3MK plus four-point five percent per annum and each calculated for the actual number of days for which the relevant amount remains unpaid. Further, for all invoices, CPPA-G shall ensure that payments follow the EPA mandated FIFO payment principle.

CPPA-G and the Holding Company shall jointly proceed to file application for disposal of pending litigation before the Courts in relation to the matter in respect of the EPA. For details, refer to note 30.2.1.

The Tariff discount and payments for monthly energy is expected to have an impact on the future cash flows and profitability of the Holding Company. In this regard, the management of the Holding Company has assessed that no impairment adjustment is required against the carrying value of the assets.

**1.3** Deharki Sugar Mills (Private) Limited – "DSML" ("the Subsidiary Company") having financial year end 30 September 2021 was incorporated in Pakistan on 14 July 2010 as a Private Limited Company. The principal activity of DSML is manufacturing and sale of crystalline sugar. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan and
- Manufacturing unit: KLP Road, Mauza Kamoo Shaheed, Taluka Ubauro, Mirpur Mathelo, Ghotki, Sindh.

**1.4** Faruki Pulp Mills Limited – "FPML" ("the Subsidiary Company") having financial year end 30 September 2021 was incorporated in Pakistan on 20 October 1991 as a Public Limited Company. FPML will be engaged in the manufacture and sale of paper pulp. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 14/4- Abid Majeed Road Lahore Cantt, Pakistan.; and
- Production facility is situated at 20 km from Gujrat, Sargodha Road, Mangowal, Punjab.

FPML has been unable to commence its commercial operations till date. The trial runs conducted over the years, identified significant additional capital expenditure requirements to make the plant commercially viable.

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that it may not be able to realize its assets and discharge its liabilities in the normal course of business, and there does not exist any realistic basis to prepare these financial statements on a going concern basis. Accordingly, separate financial statements of FPML have been prepared on non-going concern basis. As at 30 September 2021, the Holding Company's share in the net assets of FPML is Rs. 490.15 million (2020: Rs. 497.19 million). The financial statements of the Group have been prepared on a going concern basis.

Moreover, during the previous year, FPML through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. As a result, the Group's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, "Non-current Assets Held for Sale and Discontinued Operations". Paper Pulp business have been classified as Discontinued operations (for details, refer to note 33). Continuing operations include Sugar, Co-Generation Power and Corporate Farms business.

**1.5** Sadiqabad Power (Private) Limited - "SPL" ("the Subsidiary Company") having financial year end 30 September 2021 was incorporated in Pakistan on 16 December 2016. SPL will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan and
- Power plant is situated at Machi Goth, Sadiqabad, District Rahim Yar Khan.

**1.6** Ghotki Power (Private) Limited - "GPL" ("the Subsidiary Company") having financial year end 30 September 2021 was incorporated in Pakistan on 15 December 2016. GPL will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power Plants. Geographical location and addresses of all business units are as follows:

- Head office / registered office: 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan; and
- Power plant is situated at Village Laluwali, District Ghotki

**1.7** JDW Power (Private) Limited ("the associate") is a private limited company incorporated in Pakistan on August 08, 2009 under the repealed Companies Ordinance, 1984. The principal activity of it is to build, own, operate, and maintain a co-generation power plant. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantt.

**1.8** Kathai-II Hydro (Private) Limited – "KHL" ("the associate") having financial year end 30 June 2021 is a private limited company incorporated in Pakistan on August 27, 2012 under the repealed Companies Ordinance, 1984. The Principal activity of KHL is to generate, distribute and sell electricity. Geographical location and addresses of all business units are as follows:

- Head office / registered office of KHL is situated at 300 Main Boulevard, Phase 6, DHA, Lahore; and
- Production unit is located on the Kathai Nullah in Azad Jammu & Kashmir ("AJK") about 50 km east of Muzaffarabad.

**1.9 Impact of COVID-19 on the consolidated financial statements**

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab and Government of Sindh from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant.

During the year, the Group has availed SBP's refinance scheme for payment of wages and salaries as explained in note 8.2 to these financial statements. Other than above, the management has evaluated and concluded that presently this outbreak does not have any significant impact on the amounts being reported in the Group's financial statements.

## 2. BASIS OF PREPARATION

**2.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees (Rs. / Rupees) which is the Group's functional currency. All amounts have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

## 3. KEY JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements are in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a high degree of judgments or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets - note 4.3
- Useful lives, residual values and amortization method of intangible assets - note 4.6.2
- Fair value of biological assets - note 4.7 & 27
- Provision for impairment of inventories - note 4.8
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and tax credits) - note 4.10
- Obligation of defined benefit obligation - note 4.11 & 12
- Estimation of provisions - note 4.15
- Estimation of contingent liabilities - note 4.16
- Expected credit losses of certain financial assets under IFRS 9 note - 4.18.5
- Impairment loss of non-financial assets other than inventories and deferred tax assets - note 4.18.7

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 4.1 Basis of consolidation and equity accounting

The consolidated financial statements include the financial statements of the Holding Company and its subsidiaries. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group companies.

#### 4.1.1 Subsidiaries

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in these consolidated financial statements from the date control commences.

The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Changes in the Holding Company's interest in the subsidiaries that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests are presented as separate item in these consolidated financial statements. Non-controlling interest is measured at proportionate share of identifiable net assets at the time of acquisition.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

### 4.1.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group does not recognise additional losses unless the entity has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates, which the Group intends to dispose off within twelve months of the reporting date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying amount and fair value less cost to sell.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.18.7

### 4.2 Disposal group held for sale and discontinued operations

Disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Disposal group classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Additional disclosures are provided in note 33. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

**4.3 Property, plant and equipment**

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land and capital work in progress are stated at cost less any identified impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.14.

Major stores, spare parts and loose tools held for capital expenditure qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to the consolidated statement of profit or loss during the year in which they are incurred.

Depreciation is charged to the consolidated statement of profit or loss on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 20.1, except that straight-line method is used for assets related to Corporate Farms. However, sometimes the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

Sugarcane roots (bearer plants) are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalized to cane roots include preparing the land, maintaining a source of seed cane, planting the seed cane and costs related to establishing new area under cane. Depreciation of bearer plants commence when they are ready for their intended use. Costs incurred for infilling includes block infilling are generally recognized in the consolidated statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognized so as to write off its cost less residual values over useful lives using the straight-line method.

During the year, the Group after review of useful lives and residual values of bearer plants, decrease the useful life of sugarcane roots from six to three years. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for 2021 increased by Rs. 128.640 million and carrying amount of sugarcane roots decreased by Rs. 128.640 million. The current and deferred tax assets have been decreased by Rs. 33.803 million.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged when an asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as referred in note 4.18.7

Gains or losses arising on derecognition of an item of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the consolidated statement of profit or loss within other income or other expenses. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

**4.4 Lease liability and right-of-use asset**

**4.4.1 The Group is the lessee:**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions. The Group has lease contracts for agricultural land (for cultivation of sugarcane), vehicles and office buildings.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to the consolidated statement of profit or loss as incurred.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or statement of profit or loss if the right-of-use asset is already reduced to zero.

#### 4.4.2 The Group is the lessor:

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. However, all leases of the Group are treated as operating leases and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The Group also earns rental income from operating leases of its investment properties (see note 4.5). Rental income is recognised on a straight-line basis over the term of the lease.

#### 4.4.3 The Group is the intermediate lessor:

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described in note 4.4.1, then it classifies the sub-lease as an operating lease. The Group has sub-leased a land that has been presented as part of a right-of-use asset and recognised a gain or loss on derecognition of the right of-use asset pertaining to the land and presented the gain as part of other income. The Group recognised interest income on lease receivables in the statement of profit or loss.

### 4.5 Investment property

Investment property is property held either to earn rental income and / or for capital appreciation, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purposes.

The Group's investment property comprises of land which is carried at cost, including transaction cost, less identified impairment loss, if any. The Group assesses at each consolidated statement of financial position date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss as an income or expense in the period of derecognition.

### 4.6 Intangibles

#### 4.6.1 Goodwill

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses (for impairment testing, refer to note 4.18.7).

#### 4.6.2 Computer software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortization (for finite useful life of intangible asset) and any identified impairment loss.

The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. In addition, they are subject to impairment testing as described in note 4.18.7.

Intangible assets with finite useful life are amortized using straight-line method over its useful life as specified in note 23 to these consolidated financial statements. Amortization on additions to intangible assets is charged from the date when an asset is put to use till the asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the consolidated statement of profit or loss within other income or other expenses.

### 4.7 Biological assets

The Group recognises a biological asset or agricultural produce when, and only when the Group controls the asset as a result of past events; and it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

Consumable biological assets, comprising of standing sugarcane and other crops are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using the risk adjusted discount rate. Significant assumptions used are stated in note 27.1 to these consolidated financial statements. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation in price is not expected to be material.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing sugarcane and other crops are accounted for as biological assets until the point of harvest. Sugarcane and other crops are transferred to inventory at fair value less costs to sell when harvested.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in the consolidated statement of profit or loss for the period in which it arises. However, during the previous year, fair value loss on initial recognition of agriculture produce had not been recognized because effect of its recognition was not considered to be material.

Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

Management regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustments might affect valuation of biological assets and accordingly charge to the consolidated statement of profit or loss.

### 4.8 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, that have been incurred in bringing the inventories to their present location and condition.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of stores, spare parts and loose tools with a corresponding effect on provision.

### 4.9 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the consolidated statement of financial position date.

**Cost is determined as follows:**

| | |
|---|---|
| Raw materials | Average cost |
| Work-In-Process & Finished goods | Average manufacturing cost |
| Molasses and bagasse - by products | Net realizable value |

The cost of harvested crops transferred from biological assets to stock-in-trade is its fair value less costs to sell at the point of harvest.

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

### 4.10 Taxation

Taxation for the year is the tax payable on the current year's taxable income based on the applicable income tax rate. Income tax expense comprises current and deferred tax.

#### 4.10.1 Current tax

**Income tax**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

However, profits and gains of the Group derived from bagasse based cogeneration power project are exempt from tax in terms of clause 132C of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Group is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001.

**Agriculture tax**

According to section 41 of the Income Tax Ordinance, 2001, agriculture income of the Group is exempt from tax under Federal Board of Revenue. Provision for current tax is based on the taxable agriculture income for the year determined in accordance with the Punjab Agriculture Income Tax Act, 1997. The charge for current tax is calculated using prevailing tax rates.

#### 4.10.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax has been fully provided in these consolidated financial statements except profits and gains of the Group derived from bagasse based cogeneration power which are exempt from tax subject to the conditions and limitations provided for in terms of clause (132C) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 because the Group's management believes that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**4.11 Employee benefits**

**4.11.1 Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognized as an employee benefit expense in the consolidated statement of profit or loss when they are due.

The Group operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Group and employee to the fund at the rate of 10% of basic salary.

**4.11.2 Defined benefit plan**

A defined benefit plan provides an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets.

The Holding Company operates approved funded gratuity fund covering eligible full time permanent employees who have completed the minimum qualifying period of service as defined under the respective fund. The gratuity fund is managed by the trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values.

The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in the consolidated statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then - net defined benefit liability / (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

**4.12 Deferred Government grant**

Grant from the government is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grant relating to costs is deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Amortization of deferred grant is presented as reduction of related interest expense.

**4.13 Revenue from contracts with customers**

**4.13.1 Revenue recognition**

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Group's ordinary activities. The Group is engaged in the sale of crystalline sugar, its by-products, agri inputs, sale of electricity and agricultural produce.

**a) Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer. The normal credit terms for customers is as per sale order.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

**b) Sale of electricity**

Revenue from sale of energy is recognized over time as electricity is delivered and based on the rates determined under the mechanism laid down in the EPA. The delivered electricity units represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Group has a right to bill the customer corresponds directly with the value of the completed performance to the customer. As a result, the Group applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Payments to customers are recorded as a reduction in revenue when the payments relate to the Group's performance obligations under the contract (e.g. liquidated damages or penalties).

**c) Other income**

The Group also generates revenue from following other sources which are enumerated below:

- income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return;
- foreign currency gains and losses are reported on a net basis;
- rental income is recognized on accrual basis and is disclosed under other income in the consolidated statement of profit or loss;
- dividend income is recognized when the Group's right to receive the dividend is established and included in operating profit in the consolidated statement of profit or loss as part of other income;
- delayed mark-up on due payments by the CPPA-G is recognized only when the Group has fully received the amount of relevant invoice due. However, after effective date of the EPA Amendment as stated in note 1.2, delayed payment mark-up on amounts due under the EPA is accrued on a time proportion basis;
- interest income is recognized as and when accrued on effective interest method. interest income is disclosed under other income in the consolidated statement of profit or loss; and
- Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

**4.13.2 Contract balances**

**a) Contract liabilities / advances from customers**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the consolidated statement of financial position (refer to note 16). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a trade receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due (refer to note 30).

Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

**b) Trade receivables**

Trade receivables are amounts due from customers for goods or services that are delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 4.18.5 for a description of the Group's impairment policies.

### 4.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

### 4.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The Group reviews the status of all pending litigations and claims against the Group. Based on its judgment and the advice of the legal advisors/consultants for the estimated financial outcome, an appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

### 4.16 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### 4.17 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised until their realisation become virtually certain.

### 4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 4.18.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component or for which the Group has applied the practical expedient) or financial liability is initially measured at fair value plus / less, for an item not at fair value through profit or loss FVTPL, transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

### 4.18.2 Classification and subsequent measurement

**Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI), Fair value through Profit or loss (FVTPL) and in case of an equity instrument it is classified as FVTOCI or FVTPL. Currently, the Group does not have any financial assets categorised as FVTPL and FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Financial assets at amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade and other receivables.

**Financial assets – Business model assessment**

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

**Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

The Group's financial liabilities comprise of trade and other payables, short and long term financing / borrowings, lease liabilities, accrued markup and unclaimed dividend payable.

**4.18.3 Derecognition**

**Financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

**4.18.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

**4.18.5 Impairment of financial assets**

Expected Credit Losses ('ECLs') are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost; and
- trade receivables and lease receivables

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs:

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group has elected to measure loss allowances for trade receivables and lease receivables other than due from 'Government of Pakistan' (see note 4.18.6) using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group reviews the recoverability of its trade receivables, lease receivables, deposits, advances and other receivables to assess impairment allowances required on an annual basis.

**4.18.6 Financial assets due from the Government of Pakistan**

Financial assets due from the Government of Pakistan include trade receivables due from CPPA-G under the EPA that also includes accrued amounts of markup. SECP vide S.R.O. 1177 (I)/2021 dated 13 September 2021 notified a partial exemption, that in respect of companies holding financial assets due from the Government of Pakistan in respect of circular debt, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method" shall be not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39- Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired.

The financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognised in the consolidated statement of profit or loss.

**4.18.7 Non - Financial assets**

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. The management of the Group reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In case of goodwill, formal estimates of recoverable amount is made on an annual basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in the consolidated statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

### 4.19 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is charged directly in the consolidated statement of profit or loss.

### 4.20 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

Foreign currency differences arising on retranslation are generally recognized in the consolidated statement of profit or loss.

### 4.21 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in these consolidated financial statements in the year in which it is declared by the Board of Directors.

### 4.22 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Holding Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### 4.23 Operating segment

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

## 5. NEW STANDARDS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

### 5.1 Standards and amendments to published approved accounting standards that are effective during the current year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on October 01, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

### 5.2 New Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following Standards and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them:

| | | Effective for the period beginning on or after |
|---|---|---|
| **IAS-1** | Presentation of Financial Statements & Accounting Policies – Amendments regarding the classification of liabilities | January 01, 2023 |
| **IAS-8** | Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates) | January 01, 2023 |
| **IAS-12** | Income Taxes (The amendments to narrow the scope of the initial recognition exemption) | January 01, 2023 |

| | | Effective for the period beginning on or after |
|---|---|---|
| **IAS-16** | Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use | January 01, 2022 |
| **IAS-37** | Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous | January 01, 2022 |
| **IAS-41** | Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements) | January 01, 2022 |
| **IFRS-1** | First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) | January 01, 2022 |
| **IFRS-3** | Business Combinations - Amendments updating a reference to the Conceptual Framework | January 01, 2022 |
| **IFRS-4** | Insurance Contracts – Amendments regarding the expiry date of the deferral approach | January 01, 2023 |
| **IFRS-9** | Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) | January 01, 2022 |
| **IFRS-16** | Leases (Extension in respect of the practical expedient for COVID-19 related rent concession by one year) | July 01, 2021 |
| **IFRS-16** | Amendment resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives) | January 01, 2022 |
| **IFRS-10** | Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture). | The effective date for these changes has been deferred indefinitely until the completion of a broader review. |
| Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, January 01, 2022 IFRS 4 and IFRS 16. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IOBR reform. The amendments also allow a series of exemptions from regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. | | January 01, 2022 |

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

### 5.3 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP:

| | | Effective for the period beginning on or after |
|---|---|---|
| **IFRS – 1** | First Time Adoption of IFRS | July 01, 2009 |
| **IFRS – 17** | Insurance Contracts | January 01, 2022 |

### 5.4 Waiver from application of IFRS 16 "Leases"

The SECP through S.R.O. 986(1)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) before January 1, 2019. The Group's arrangement with CPPA-G covered under respective EPAs and consequently are exempt under the aforesaid S.R.O. Under IFRS-16 Leases, the consideration required to be made by lessees CPPA-G for the right to use the asset would have been accounted for as finance lease. The Group's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Consequently, if the Group were to follow IFRS 16 with respect to its EPA, the effect on the consolidated financial statements would be as follows:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| De-recognition of property, plant and equipment | (4,132,209,168) | (4,372,848,196) |
| Recognition of lease receivables | 18,545,557,578 | 19,567,543,221 |
| Increase in deferred tax liability | – | 4,406,461,557 |
| | | |
| Increase in un-appropriated profit / (loss) at beginning of the year | (195,027,833) | 235,909,659 |
| Decrease in profit for the year - net of tax | (1,129,049,229) | (430,937,492) |
| Increase in un-appropriated loss at end of the year | (1,324,077,062) | (195,027,833 |

### 5.5 Waiver from application of IFRS - 9 "Financial instruments"

On September 13, 2021, SECP exempted the application of Expected Credit Loss model under IFRS – 9 in respect of financial assets due from Government of Pakistan, through S.R.O. 1177 (I)/2021 for a limited period of one year up to June 30, 2022. Accordingly, the Group has applied the requirements of IAS – 39 in these consolidated financial statements with respect to calculation of impairment loss in respect of such financial assets.

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| **6. SHARE CAPITAL** | | |
| **6.1 Authorized share capital** | | |
| 75,000,000 (2020: 75,000,000) voting ordinary shares of Rs. 10 each | 750,000,000 | 750,000,000 |
| 25,000,000 (2020: 25,000,000) preference shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| | 1,000,000,000 | 1,000,000,000 |
| | | |
| **6.2 Issued, subscribed and paid up share capital** | | |
| 32,145,725 (2020: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash | 321,457,250 | 321,457,250 |
| 27,630,936 (2020: 27,630,936) voting bonus shares of Rs. 10 each fully paid | 276,309,360 | 276,309,360 |
| | 597,766,610 | 597,766,610 |

**6.2.1** Mr. Jahangir Khan Tareen, an Executive Director (2020: Chief Executive Officer & Executive Director) holds 9,552,293 (2020: 9,552,293) and Mukhdoom Syed Ahmed Mahmud, a Non-Executive Director (2020: Non-Executive Director) holds 16,493,932 (2020: 16,493,932) ordinary shares of Rs. 10 each representing 15.98% (2020: 15.98%) and 27.59% (2020: 27.59%) of the paid up capital of the Holding Company respectively.

**6.2.2** The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Holding Company. All shares carry one vote per share without restriction. The Group does not pay dividend until certain financial requirements of lenders are satisfied.

## 7. SHARE PREMIUM RESERVE

This reserve can be utilized by the Holding Company only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

## 8. LONG TERM FINANCES - SECURED

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Mark-up bearing finances from conventional | | | |
| banks / financial institutions | 8.1.1 | 13,241,278,239 | 15,379,004,257 |
| Islamic mode of financing | 8.1.2 | 1,645,038,469 | 1,405,256,419 |
| | 8.1 & 8.4 | 14,886,316,708 | 16,784,260,676 |
| Less: Transaction cost | | | |
| As at 01 October | | (51,900,469) | – |
| Recognized during the year | | – | (57,750,000) |
| Amortization of transaction cost | 41 | 8,243,549 | 5,849,531 |
| As at 30 September | | (43,656,920) | (51,900,469) |
| | | 14,842,659,788 | 16,732,360,207 |
| Current maturity presented under current liabilities: | | | |
| Mark-up bearing finances from conventional | | | |
| banks / financial institutions | | (3,225,100,039) | (2,778,820,599) |
| Islamic mode of financing | | (593,352,568) | (260,217,950) |
| | 14 | (3,818,452,607) | (3,039,038,549) |
| | | 11,024,207,181 | 13,693,321,658 |

## 8.1 Long term finances - secured

| | Mark-up / Interest basis | Limit | Loan duration | Grace period | Year of loan maturity | Principal outstanding 2021 | Principal outstanding 2020 |
|---|---|---|---|---|---|---|---|
| | | Rupees | Years | Years | | Rupees | Rupees |
| **8.1.1 Mark-up bearing finances from conventional banks / financial institutions** | | | | | | | |
| The Bank of Punjab - Led Syndicate | | | | | | | |
| The Bank of Punjab | *3mk + 1.10 | 2,500,000,000 | 06 Years | - | 2027 | 2,444,499,999 | 2,500,000,000 |
| National Bank of Pakistan | 3mk + 1.10 | 1,500,000,000 | 06 Years | - | 2027 | 1,466,700,000 | 1,500,000,000 |
| Askari Bank Limited | 3mk + 1.10 | 975,000,000 | 06 Years | - | 2027 | 953,355,000 | 975,000,000 |
| MCB Bank Limited | 3mk + 1.10 | 1,000,000,000 | 06 Years | - | 2027 | 977,800,000 | 1,000,000,000 |
| Dubai Islamic Bank Limited | 3mk + 1.10 | 1,000,000,000 | 06 Years | - | 2027 | 977,800,000 | 1,000,000,000 |
| Pak Kuwait Investment Company (Pvt.) Limited | 3mk + 1.10 | 750,000,000 | 06 Years | - | 2027 | 733,350,000 | 750,000,000 |
| MCB Islamic Bank Limited | 3mk + 1.10 | 750,000,000 | 06 Years | - | 2027 | 733,349,998 | 750,000,000 |
| Askari Bank Limited (Islamic) | 3mk + 1.10 | 525,000,000 | 06 Years | - | 2027 | 513,345,000 | 525,000,000 |
| | | 9,000,000,000 | | | | 8,800,199,997 | 9,000,000,000 |
| MCB Bank Limited - Led Syndicate | | | | | | | |
| MCB Bank Limited | 3mk + 1.00 | 1,000,000,000 | 07 Years | 1.5 Years | 2021 | - | 90,909,087 |
| Allied Bank Limited | 3mk + 1.00 | 940,000,000 | 07 Years | 1.5 Years | 2021 | - | 85,454,541 |
| The Bank of Punjab | 3mk + 1.00 | 800,000,000 | 07 Years | 1.5 Years | 2021 | - | 72,727,273 |
| United Bank Limited | 3mk + 1.00 | 500,000,000 | 07 Years | 1.5 Years | 2021 | - | 45,454,539 |
| Askari Bank Limited | 3mk + 1.00 | 500,000,000 | 07 Years | 1.5 Years | 2021 | - | 45,454,539 |
| Meezan Bank Limited | 3mk + 1.00 | 350,000,000 | 07 Years | 1.5 Years | 2021 | - | 31,789,071 |
| JS Bank Limited | 3mk + 1.00 | 150,000,000 | 07 Years | 1.5 Years | 2021 | - | 13,636,370 |
| Habib Metropolitan Bank Limited | 3mk + 1.00 | 100,000,000 | 07 Years | 1.5 Years | 2021 | - | 9,090,909 |
| | | 4,340,000,000 | | | | - | 394,516,329 |
| Habib Bank Limited - SBP Refinance Scheme | **SBP Rate + 1.50 | 1,000,000,000 | 2.5 Years | 0.5 Year | 2022 | 560,129,192 | 769,943,509 |
| United Bank Limited - SBP Refinance Scheme | SBP Rate + 3.00 | 232,398,668 | 2.25 Years | 0.5 Year | 2022 | 75,119,050 | 92,044,419 |
| MCB Bank Limited (II) | 3mk + 1.00 | 2,000,000,000 | 03 Years | 0.5 year | 2023 | 1,400,000,000 | 2,000,000,000 |
| Allied Bank Limited (I) | 3mk + 0.50 | 1,000,000,000 | 1.5 Years | - | 2021 | 333,329,999 | 1,000,000,000 |
| Pak Brunei Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2024 | 400,000,000 | 450,000,000 |
| Pak Brunei Investment Company Limited (III) | 3mk + 1.00 | 200,000,000 | 05 Years | - | 2020 | - | 10,000,000 |
| Standard Chartered Bank (Pakistan) Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | - | 2022 | 150,000,000 | 250,000,000 |
| Habib Bank Limited | 6mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 187,500,000 | 250,000,000 |
| Soneri Bank Limited (I) | 3mk + 1.00 | 300,000,000 | 05 Years | - | 2022 | 60,000,000 | 90,000,000 |
| Soneri Bank Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2023 | 250,000,000 | 312,500,000 |
| Pak Oman Investment Company Limited (I) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2021 | - | 25,000,000 |
| Pak Oman Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2023 | 175,000,000 | 225,000,000 |
| Askari Bank Limited (IV) | 3mk + 1.25 | 500,000,000 | 04 Years | 0.25 Year | 2024 | 400,000,001 | 500,000,000 |
| Pak Libya Holding Company Limited (I) | 3mk + 1.00 | 100,000,000 | 05 Years | - | 2021 | - | 10,000,000 |
| Pak Libya Holding Company Limited (II) | 3mk + 1.00 | 450,000,000 | 05 Years | 0.5 Year | 2026 | 450,000,000 | - |
| | | 9,282,398,668 | | | | 4,441,078,242 | 5,984,487,928 |
| | | 22,622,398,668 | | | | 13,241,278,239 | 15,379,004,257 |
| **8.1.2 Islamic mode of financing** | | | | | | | |
| Al Baraka Bank Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 562,500,000 | 687,500,000 |
| Bank Alfalah Limited | 3mk + 0.90 | 500,000,000 | 05 Years | 01 Year | 2023 | 249,205,135 | 311,506,419 |
| National Bank of Pakistan (II) | 3mk + 1.00 | 250,000,000 | 05 Years | 01 Year | 2024 | 239,583,334 | 250,000,000 |
| Bank Islami Pakistan Limited | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2026 | 500,000,000 | - |
| Dubai Islamic Bank (Pakistan) Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 93,750,000 | 156,250,000 |
| | | 2,750,000,000 | | | | 1,645,038,469 | 1,405,256,419 |
| | | 25,372,398,668 | | | | 14,886,316,708 | 16,784,260,676 |

* 3 mk i.e. 3 months KIBOR

** SBP rate i.e. 0%

**8.2** The Group has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in different tranches on various dates during current and previous year, earmarked from running and cash finance limit, which is repayable in 8 quarterly installments to a commercial bank under the SBP Refinance Scheme. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been measured as difference between subsidized rate i.e. 0% KIBOR plus 150 to 350 bps per annum and prevailing market rate i.e. three months KIBOR plus 100 bps to 150 bps per annum which has been recognised as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 12 to these consolidated financial statements) and will be amortised to interest income in line with the recognition of interest expense the grant is compensating. The grant is conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme.

**8.3** Due to evolution of COVID-19 pandemic, the State Bank of Pakistan vide BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 allowed deferment of principal repayments for one year on loan obligations due to banks by a period of one year. The Group has availed this opportunity and deferred the loan repayments of long term financing accumulating to Rupees 12,423 million during the financial year 2020, accordingly, banks have approved the deferment / grace time of loan repayments as requested by the Group.

**8.4** Long term finances are secured against ranking / joint parri passu charge over all present and future fixed assets including land, building and plant and machinery of the Group amounting to Rs. 23,975 million (2020: Rs. 22,879 million) and personal guarantees of sponsor directors of the Group.

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **9. LEASE LIABILITIES** | | | |
| Balance at beginning of the year | | 1,460,474,747 | 224,596,749 |
| Impact of initial application of IFRS 16 | | – | 1,508,973,262 |
| Adjusted balance as at 01 October | | 1,460,474,747 | 1,733,570,011 |
| Additions during the year | | 1,405,892,658 | 398,032,110 |
| Impact of early termination | | (41,641,412) | – |
| Impact of remeasurment of lease liabilities | | (9,423,355) | (1,219,120) |
| Finance cost regarding lease arrangement | 41 | 178,103,402 | 165,857,652 |
| Lease payments | | (889,296,947) | (835,765,906) |
| | | 2,104,109,093 | 1,460,474,747 |
| Less: Current maturity presented under current liabilities | 14 | (790,380,467) | (693,883,524) |
| **Balance at end of the year** | 9.1 | 1,313,728,626 | 766,591,223 |

**9.1** This includes Rs. 424.124 million and Rs. 26.991 million (2020: Rs. 194.97 million and Rs. 56.80 million) outstanding under Diminishing Musharakah financing arrangement and conventional banks respectively.

**9.2** Implicit borrowing rate against lease liabilities towards financial institutions is six month KIBOR plus 100 to 110 bps per annum (2020: six month KIBOR plus 100 bps per annum). The Group has the option to purchase the leased assets upon completion of lease period and has the intention to exercise such option.

Leases from commercial banks / Islamic financial institution are secured against charge on the leased assets and security deposits (for details, refer to note 21 & 25).

**9.3** The maturity analysis of lease liabilities is presented in note 48.1.2 to these consolidated financial statements.

**9.4** The incremental borrowing rate applied to lease liabilities related to land and building ranging from 8.65% to 14.9% (2020: 14.9%).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **10. DEFERRED TAXATION** | | | |
| **Deferred tax liability on taxable temporary differences** | | | |
| **arising in respect of:** | | | |
| - accelerated tax depreciation on operating fixed assets | | 3,394,497,981 | 3,472,470,395 |
| - right-of-use assets | | 468,519,362 | 305,636,276 |
| | | 3,863,017,343 | 3,778,106,671 |
| **Deferred tax asset on deductible temporary differences** | | | |
| **arising in respect of:** | | | |
| - lease liabilities against right-of-use assets | | (527,507,973) | (382,484,192) |
| - provisions for doubtful debts and obsolescence | | (91,755,635) | (87,083,924) |
| - provision for Workers' Profit Participation Fund | | (67,315,386) | (41,394,330) |
| - provision for Workers' Welfare Fund | | (21,259,365) | (30,167,651) |
| - tax losses | | (186,624,114) | (281,207,335) |
| - staff retirement benefits | | (21,218,847) | (32,773,410) |
| - tax credits | 10.1 | (2,139,697,529) | (1,872,271,306) |
| | | (3,055,378,849) | (2,727,382,148) |
| - Unrecognized deferred tax liability related to | | | |
| operating fixed assets of bagasse based Co-Generation | 4.10.2 | (692,741,608) | – |
| | 10.3 | 114,896,886 | 1,050,724,523 |

**10.1** The Group has not recognised deferred tax asset in respect of tax credits available for carry forward under section 113 and 113C of the Income tax Ordinance, 2001, amounting to Rs. 282.98 million (2020: Rs. 224.87 million) having expiry upto 2026 (2020: expiry upto 2022), in line with accounting policies of the Group as stated in note 4.10.2 to these consolidated financial statements. (for detail, refer to note 19.1.18).

**10.2** Deferred tax assets and liabilities have been recognised using the expected applicable rate of 29%.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **10.3 Movement in deferred tax balances is as follows:** | | | |
| As at 01 October | | 1,050,724,523 | 639,478,177 |
| Recognized in statement of profit or loss: | | | |
| - accelerated tax depreciation on operating fixed assets | | (770,714,022) | (136,489,703) |
| - right-of-use assets | | 162,883,086 | 305,636,276 |
| - lease liabilities against right-of-use assets | | (145,023,781) | (382,484,192) |
| - provisions for doubtful debts and obsolescence | | (4,671,711) | (26,101,906) |
| - provision for Workers' Profit Participation Fund | | (25,921,056) | (23,136,507) |
| - provision for Workers' Welfare Fund | | 8,908,286 | (15,814,665) |
| - staff retirement benefits | | 12,939,542 | (6,451,843) |
| - tax losses | | 94,583,221 | 374,431,871 |
| - origination and reversal of tax credits | | (267,426,223) | 297,574,579 |
| - liabilities against assets subject to finance lease | | – | 65,133,057 |
| - impairment of investment in associate | | – | 26,100,000 |
| - leased assets | | – | (66,753,015) |
| | 42 | (934,442,658) | 411,643,952 |
| **Recognized in other comprehensive income:** | | | |
| - staff retirement benefits | | (1,384,979) | (397,606) |
| | 10 | 114,896,886 | 1,050,724,523 |

## 11. RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company's defined benefit plan was conducted on 30 September 2021 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| 11.1 | **Statement of financial position reconciliation** | | | |
| | Present value of defined benefit obligation | 11.2 | 240,194,734 | 189,817,372 |
| | Fair value of plan assets | 11.3 | (184,207,482) | (85,201,349) |
| | **Net liability at end of the year** | | 55,987,252 | 104,616,023 |
| 11.2 | **Movement in liability for funded defined benefit obligation** | | | |
| | Present value of defined benefit obligation at beginning of the year | | 189,817,372 | 158,380,380 |
| | Current service cost for the year | | 20,868,916 | 19,955,012 |
| | Interest cost for the year | | 17,481,891 | 19,194,455 |
| | Benefits paid during the year | | (17,956,826) | (7,802,123) |
| | Past service cost | | 25,454,105 | – |
| | Remeasurement on obligation | | 4,529,276 | 89,648 |
| | **Present value of defined benefit obligation at end of the year** | 11.1 | 240,194,734 | 189,817,372 |
| 11.3 | **Movement in fair value of plan assets** | | | |
| | Balance at beginning of the year | | 85,201,349 | 83,263,732 |
| | Return on plan assets excluding interest income | | 12,534,635 | 9,985,088 |
| | Contributions made during the year | | 104,674,839 | 1,036,059 |
| | Remeasurement on plan assets | | (246,515) | (1,281,407) |
| | Benefits paid during the year | | (17,956,826) | (7,802,123) |
| | **Fair value of plan assets at end of the year** | 11.1 | 184,207,482 | 85,201,349 |
| 11.4 | **Charge for the year** | | | |
| | **Statement of profit or loss** | | | |
| | Current service cost | | 20,868,916 | 19,955,012 |
| | Interest cost for the year | | 17,481,891 | 19,194,455 |
| | Return on plan assets excluding interest income | | (12,534,635) | (9,985,088) |
| | Past service cost | | 25,454,105 | - |
| | | | 51,270,277 | 29,164,379 |
| | **Other comprehensive income** | | | |
| | Remeasurement on obligation | | 4,529,276 | 89,648 |
| | Remeasurement on plan assets | | 246,515 | 1,281,407 |
| | | | 4,775,791 | 1,371,055 |
| | | | 56,046,068 | 30,535,434 |
| 11.5 | **Movement in experience losses** | | | |
| | Opening experience losses | | – | – |
| | Experience losses | | (4,775,791) | (1,371,055) |
| | Charge to other comprehensive income | | 4,775,791 | 1,371,055 |
| | Closing experience losses | | – | – |

| Break up of plan assets | 2021 Rupees | 2021 % | 2020 Rupees | 2020 % |
|---|---|---|---|---|
| Units of mutual funds | 50,672,665 | 28% | 58,257,557 | 68% |
| Term Deposit Receipts | 110,520,765 | 60% | - | 0% |
| Cash at bank | 23,014,052 | 12% | 26,943,792 | 32% |
| | 184,207,482 | 100% | 85,201,349 | 100% |

### 11.6 Risks on account of defined benefit plan

The Holding Company faces the following risks on account of defined benefit plan:

**Final salary risk -** The risk that the final salary at the time of cessation of service is greater than what the Holding Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Longevity Risks -** The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Investment risk -** The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

**Withdrawal risks -** The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

### 11.7 Expected future contribution

Expected future contribution for the year ending 30 September 2022 is Rs. 26.246 million (2020: Rs. 13.33 million).

### 11.8 Actuarial assumptions sensitivity analysis

The below sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in these consolidated statement of financial position. If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 September 2021 would have been as follows:

| | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|
| | | 2021 | | 2020 | |
| | Change | Increase | Decrease | Increase | Decrease |
| | | Rupees | | | |
| Discount rate | 100 BPS | (19,484,759) | 22,824,367 | (16,344,062) | 17,210,034 |
| Salary growth rate | 100 BPS | 22,016,306 | (19,152,247) | 16,563,968 | (16,077,812) |

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

| | | 2021 | 2020 |
|---|---|---|---|
| **11.9** | **Principal actuarial assumptions used** | | |
| | Valuation discount rate | 10.50% | 9.75% |
| | Salary increase rate | 10.50% | 9.75% |
| | Expected return on plan assets | 10.50% | 9.75% |
| | Average expected remaining working life time of employees | 8.8 | 8.8 |
| | Mortality rate | SLIC 2001 - 2005 | SLIC 2001 - 2005 |
| | Withdrawal rate | Moderate | Medium |

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **11.10** | **Maturity profile** | | |
| | 1 - 5 years | 97,416,889 | 86,576,460 |
| | 6 - 10 years | 119,242,326 | 83,288,681 |
| | 11 - above years | 701,367,483 | 483,588,801 |

## 12. DEFERRED INCOME - GOVERNMENT GRANT

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Balance at beginning of the year | | 67,748,177 | – |
| Recognized during the year | 8.2 | 10,377,270 | 81,331,438 |
| Amortized during the year | 41 | (52,263,447) | (13,583,261) |
| | | 25,862,000 | 67,748,177 |
| Less: Current maturity presented under current liabilities | 14 | (24,996,355) | (48,336,822) |
| **Balance as at 30 September** | | 865,645 | 19,411,355 |

## 13. SHORT TERM BORROWINGS

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **Mark-up based borrowings from conventional banks - secured** | | | |
| - Cash finances | 13.1 | 1,118,382,821 | 1,823,866,061 |
| - Running finances | 13.2 | 1,340,057,324 | 2,053,749,853 |
| - Inland bill discounting | 13.3 | – | – |
| - Finance against trust receipts | 13.4 | 83,026,419 | 82,925,934 |
| | | 2,541,466,564 | 3,960,541,848 |
| **Islamic mode of financing - secured** | | | |
| - Salam / Istisna / Musawamah finances | 13.5 | 542,125,000 | 1,919,700,000 |
| - Morabaha / Karobar/ Musharakah finances | 13.6 | 350,000,000 | 1,800,000,000 |
| | | 892,125,000 | 3,719,700,000 |
| | | 3,433,591,564 | 7,680,241,848 |

**13.1** The Group has obtained during the year cash finance facilities from various banks aggregating to Rs. 12,250 million (2020: Rs. 13,300 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 20 to 125 bps per annum (2020: one to three months KIBOR plus 20 to 100 bps per annum) on utilized limits. These facilities are secured against pledge charge over white refined sugar bags at 15% to 25% margin, corporate guarantee of the Holding Company and personal guarantees of sponsor directors of the Holding Company.

**13.2** The Group has obtained running finance facilities aggregating to Rs. 1,921 million (2020: Rs. 2,196 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 75 to 100 bps per annum (2020: one to three months KIBOR plus 65 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Group, corporate guarantee of the Holding Company and personal guarantees of sponsor directors of the Holding Company.

**13.3** The Holding Company has not obtained inland bill discounting facility during current year (2020: Rs. 1,300 million and fully settled). The mark-up rates applicable during the previous year ranges from one to three months KIBOR plus 50 to 100 bps per annum. These were secured against ranking charge / joint pari passu charge over present and future current assets, excluding pledge stock, of the Holding Company and personal guarantees of the sponsor directors of the Holding Company.

**13.4** The limit of this facility is Rs. 480 million (2020: Rs. 679 million). It carries mark-up ranging from one to six months KIBOR plus 100 bps per annum (2020: one to six months KIBOR plus 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Group, corporate guarantee of the Holding Company and personal guarantees of sponsor directors of the Holding Company.

**13.5** The Group has obtained Salam / Istisna / Musawamah financing facilities from various banks aggregating to Rs. 8,085 million (2020: Rs. 7,335 million). The mark-up rates applicable during the year ranging from three to six months KIBOR plus 50 to 100 bps per annum (2020: three to twelve months KIBOR plus 20 to 100 bps per annum). These are secured against pledge charge over white refined sugar bags at 15% to 25% margin and personal guarantees of sponsor directors of the Holding Company.

**13.6** The Group has obtained Morabaha / Karobar / Musharakah finance facilities aggregating to Rs. 350 million (2020: Rs. 1,800 million). The mark-up rates applicable during the year ranges from three to twelve months KIBOR plus 75 to 100 bps per annum (2020: three to six months KIBOR plus 75 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Group and personal guarantees of sponsor directors of the Holding Company.

**13.7** The available facilities for opening letters of credit and guarantee as on the reporting date aggregate to Rs. 1,950 million (2020: Rs. 1,577 million) which includes Rs. 450 million, sub-limit of FATR facility and bank guarantee. Further, facilities of amounting Rs. 300 million (2020: Rs. 350 million) remain unutilized as on reporting date. These are secured against ranking charge / joint pari passu charge over all present and future current assets, excluding pledge stock, of the Group, lien over import documents, corporate guarantee of the Holding Company and personal guarantees of sponsor directors of the Holding Company.

**13.8** Credit facilities as mentioned in note 13.2 to 13.4 & 13.6 to 13.7 are secured by an aggregate amount of Rs. 8,374 million (2020: Rs. 14,709 million ) as at reporting date.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **14.** | **CURRENT PORTION OF NON-CURRENT LIABILITIES** | | | |
| | Long term finances - secured | 8 | 3,818,452,607 | 3,039,038,549 |
| | Lease liabilities | 9 | 790,380,467 | 693,883,524 |
| | Deferred income - Government grant | 12 | 24,996,355 | 48,336,822 |
| | | | 4,633,829,429 | 3,781,258,895 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **15.** | **TRADE AND OTHER PAYABLES** | | | |
| | Trade and other creditors | | 1,301,978,979 | 1,403,017,643 |
| | Sales tax payable | | 375,811,979 | 554,956,890 |
| | Accrued expenses | 15.2 | 101,054,714 | 327,783,384 |
| | Payable to Workers' Profit Participation Fund | 15.3 | 256,254,006 | 153,367,056 |
| | Payable to Workers' Welfare Fund | 15.4 | 80,976,232 | 112,528,220 |
| | Tax deducted at source | | 44,155,441 | 67,383,382 |
| | Payable to Employees' Provident Fund | | 24,780,257 | 19,571,572 |
| | Retention money | | 11,123,912 | 20,701,395 |
| | Due to related parties | 15.5 | – | 1,009,027 |
| | Agriculture Income Tax payable | | 3,003,164 | 2,898,976 |
| | Other payables | 15.6 | 165,443,960 | 157,739,391 |
| | | | 2,364,582,644 | 2,820,956,936 |

**15.1** Payable to growers is Rs. Nil as at 30 September 2021 (2020: Rs. Nil).

**15.2** This includes Rs. 60.78 million (2020: Rs. 68 million) in respect of market committee fee pertaining to the Holding Company (for details, refer to note 19.1.24).

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **15.3** | **Payable to Workers' Profit Participation Fund** | | | |
| | Balance as at 01 October | | 153,367,056 | 67,793,471 |
| | - allocation for the year | 40 | 256,254,006 | 153,367,056 |
| | - interest on funds utilized | 41 | 7,289,820 | 5,458,531 |
| | | | 416,910,882 | 226,619,058 |
| | Less: Paid during the year | | (160,656,876) | (73,252,002) |
| | **Balance as at 30 September** | | 256,254,006 | 153,367,056 |
| **15.4** | **Payable to Workers' Welfare Fund** | | | |
| | Balance as at 01 October | | 112,528,220 | 54,248,739 |
| | Allocation for the year | 40 | 22,696,751 | 58,279,481 |
| | Prior year adjustment | | 880,223 | – |
| | | | 136,105,194 | 112,528,220 |
| | Less: Paid during the year | | (55,128,962) | – |
| | **Balance as at 30 September** | | 80,976,232 | 112,528,220 |

**15.5** This amount represents payable to Agro Industrial Solution in respect of consultancy services provided by the key management personnel. Further, during the previous year, Chief Executive of the Group had provided the short term advance amounting to Rs. 35 million to the Group for meeting its working capital requirements. However, such advance has been fully repaid during the previous year.

**15.6** It includes deposits taken from employees against sale of vehicles as per the Group's car finance scheme.

## 16. ADVANCES FROM CUSTOMERS

Consideration received from customers during financial year 2020 also includes taxes payables to Government authorities in respect of sale of sugar bags.

## 17. UNCLAIMED DIVIDEND

As at the reporting date, the Holding Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

| | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|
| **18. ACCRUED PROFIT / INTEREST / MARK-UP** | | |
| **Mark-up on financing / borrowings from conventional banks / financial institutions:** | | |
| - Long term finances - secured | 222,818,134 | 219,052,288 |
| - Short term borrowings - secured | 57,126,773 | 90,091,125 |
| | 279,944,907 | 309,143,413 |
| **Profit on Islamic mode of financing:** | | |
| - Long term finances - secured | 16,851,657 | 6,887,129 |
| - Short term borrowings - secured | 12,172,080 | 48,322,982 |
| | 29,023,737 | 55,210,111 |
| | 308,968,644 | 364,353,524 |

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

**19.1.1** The tax department issued a show cause notice to the Holding Company on 09 April 2013 on the grounds that the Holding Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 50.68 million. Consequently, the Holding Company filed a writ petition against this notice in the Honorable Lahore High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice vide its order dated 24 April 2013 and the final outcome of the case is pending. Management of the Holding Company expects a favorable outcome in this case.

**19.1.2** The Holding Company was selected for audit u/s 177 of Income Tax Ordinance, 2001 ("I.T.O") for Tax year 2008. Assistant Commissioner of Inland Revenue ("ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) ("CIR(A)"), who vide order dated 06 April 2010 decided appeal in favor of the Holding Company on most of the issues. The department filed appeal before Appellate Tribunal Inland Revenue ("ATIR"). Respectable ATIR passed an order in favor of the Holding Company except for two issues with an aggregate amount of Rs. 72.57 million. The Holding Company has filed an appeal before the Honorable Lahore High Court, against the order of the ATIR. The management of the Holding Company is confident that this case will be decided in its favor.

**19.1.3** The Holding Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O for Tax year 2008. The Holding Company has filed Writ Petition before the Honorable Lahore High Court ("Court") against selection of audit which was rejected by the Court. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ("DCIR") passed order u/s 122(4)/(5) by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22-12-2017. The Holding Company filed an appeal before CIR(A), who passed ex-parte order against the Holding Company. The Holding Company has filed second appeal before ATIR. Appeal was heard and matter has been remanded back for denovo consideration.

**19.1.4** Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O for tax year 2011 confronting several matters. The said notice was duly complied and plea of the Holding Company was largely accepted by the department. ACIR passed order u/s 122(5A) by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30-06-2017. The Holding Company filed an appeal before CIR(A). The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

**19.1.5** The Holding Company was selected for audit u/s 177 of I.T.O for Tax year 2014. DCIR passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Holding Company has filed an appeal before CIR(A) who vide order dated 07-03-2018 accepted the tax payer contention and has granted relief on major issues amounting Rs. 127.03 million and upheld the remaining issues amounting to Rs. 36.15 million. The Holding Company has filed second appeal before ATIR against the issues. The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

**19.1.6** The Holding Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period from June 2013 to July 2014 by the FBR. A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Holding Company has filed an appeal before CIR(A) who vide dated 08-02-2018 has granted relief amounting Rs. 57.37 million and the remaining issues with an aggregate amount of Rs. 12.62 million were upheld. The Holding Company has filed second appeal before ATIR. The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

**19.1.7** The Holding Company was selected for audit u/s 214C of I.T.O for Tax year 2016. ACIR passed order u/s 122(4) / 122(5) by making additions on different issues amounting to Rs. 503 million by reducing brought forward losses. The Holding Company has filed an appeal before CIR(A) which is pending for adjudication. The management of the Holding Company is confident that this case will be decided in its favor.

**19.1.8** The Holding Company has filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of I.T.O has been reduced from 10% to 5% for the Tax Year 2019 and period for availing this credit has also been restricted till 30 June 2019. The Holding Company has claimed tax credit at the rate of 10% for the year ended 30 September 2018 and 30 September 2019 amounting to Rs. 254.9 million and Rs. 96.8 million respectively. Management of the Holding Company expects a favorable outcome in this case.

**19.1.9** A show-cause notice u/s 122(5) was served by DCIR for tax year 2015 confronting bank credits to the Holding Company. The said notice duly complied and the plea of the Holding Company was accepted to some extent in the order dated 15-06-2021. As a result, demand amounting to Rs. 1,555 million was created on account of unexplained bank credits. The Holding Company has filed an appeal before CIR (A) which is still pending for adjudication. The management of the Holding Company is hopeful of a favorable outcome. Further, stay against recovery of such demand from the Honorable ATIR was granted.

**19.1.10** A show-cause notice u/s 122(5A)/122(9) was served by Additional CIR for tax year 2015 to the Holding Company confronting several matters. The notice was duly complied and the plea of the taxpayer was largely accepted in the order dated 02-07-2021. As a result, demand for Rs. 258.8 million was created on account of proration of expenses and advances from customers. The Holding Company has filed an appeal before CIR (A) which is still pending. The management of the Holding Company is hopeful of a favorable outcome. Further, stay against recovery of demand from the Honorable ATIR was granted.

**19.1.11** A show cause notice under Sale Tax Act, 1990 was served to the Holding Company confronting matter of disallowance of input sale tax. The said notice was duly complied and plea of the Holding Company was rejected and a demand of Rs. 19.7 million was created through order dated 09-09-2020. The Holding Company, being aggrieved, has filed an appeal before CIR (A), who in its order having no. 16/A-V dated 30-04-2021 upheld the decision of DCIR. The Holding Company, being aggrieved, filed second appeal before ATIR and the same is pending for adjudication. The management of the Holding Company is hopeful of a favorable outcome. Further, stay against recovery of demand from the Honorable ATIR was granted.

**19.1.12** A show cause notice u/s 11(2) under Sale Tax Act, 1990 was served to the Holding Company confronting matter of inadmissible input sale tax for period October 2016 to December 2016. The said notice was duly complied and plea of the Holding Company was accepted to some extent and a demand of Rs. 13.3 million was created through order dated August 31, 2021. The Holding Company, being aggrieved, filed an appeal before CIR (A) which is pending for adjudication. The management of the Holding Company is hopeful of a favorable outcome. Further, stay against recovery of demand from the Honorable ATIR was granted.

**19.1.13** A show cause notice u/s 11(2) under Sale Tax Act, 1990 was served to the Holding Company confronting matter of inadmissible input sale tax for period Jan 2017 to March 2017. The said notice was duly complied and plea of the Holding Company was accepted to some extent and a demand of Rs. 21.86 million was created through order dated August 31, 2021. The Holding Company, being aggrieved, filed an appeal before CIR (A) which is pending for adjudication. The management of the Holding Company is hopeful of a favorable outcome.

**19.1.14** A show cause notice u/s 11(3) of under Sale Tax Act, 1990 was served to the Holding Company confronting matter of suppression of sales. The said notice was duly complied and plea of the Holding Company was rejected and a demand of Rs. 845.52 million was created dated July 10, 2020. The Holding Company, being aggrieved, has filed appeal before CIR (A). The appeal was remanded back vide order No. 02/A-V, dated December 15, 2020. Thus, tax payable has become nil. The Holding Company and the tax department both has challenged the decision of CIR (A) in ATIR. The hearing of the appeal is still pending. However, the management of the Holding Company is hopeful for a favorable outcome.

**19.1.15** The Subsidiary Company - DSML has filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of Income Tax Ordinance, 2001 has been reduced from 10% to 5% for tax year 2019 and period for availing this credit has also been restricted till June 30, 2019. DSML prayed for the grant of relief regarding filing of tax returns for tax year 2019 with tax credit @10% i.e. Rs. 26.5 million. Management of the DSML expects a favorable outcome in this case. Hence no provision in respect of prior tax year has been made in these consolidated financial statements.

**19.1.16** An Order-in-Original bearing Ref. No. 13 November 2018 dated 20 March 2018 had been passed by the DCIR, E&C against DSML, Zone-II, LTU, Karachi wherein a demand of Rs. 6.88 million was raised. DSML had filed an appeal with the office of the CIR(A), Karachi who had subsequently remanded back the proceedings vide Order No. STA/351/LTU/2019/01 dated 12 February 2019. Subsequently, the same demand was once again raised vide assessment order No. 08 December 2020 dated 29 June 2020. DSML has once again filed an appeal with the office of the CIR(A), Karachi. DSML paid an amount equal to 25% of the demand in order to stay the recovery proceedings. The matter is still pending with the office of the CIR(A), Karachi. Management of DSML expects a favorable outcome in this case.

**19.1.17** The tax department issued a show cause notice to DSML on 23 May 2013 on the grounds that DSML has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 15.8 million. Consequently, DSML has filed a writ petition against this notice in the Honorable Sindh High Court (“Court”) on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice and the final outcome of the case is pending. Management of DSML expects a favorable outcome in this case.

**19.1.18** The Subsidiary Company - DSML has filed appeals before the Commissioner Inland Revenue – Appeals (CIRA) against the assessment orders for Rs. 15,032 million under Sections 111/122 of the Income Tax Ordinance, 2001 (“”the Ordinance””), for tax year 2015 to 2019, which are still pending. The DSML has obtained stay against the recoveries of impugned tax demands in respect of all the above-mentioned tax years from the High Court of Sindh (SHC) through their legal counsel. Furthermore, show-Cause Notices (SCNs) under section 182 of the Ordinance for imposition of penalties have also been issued to the DSML in respect of tax years 2015 to 2019. The DSML has challenged the legality of said notices directly before the High Court of Sindh and obtained interim stay orders in respect of the SCNs for the tax years 2015 to 2018 through their legal counsel, whereby the Tax Department has been restrained from passing the final order in respect of such SCNs till the next date of hearing. Management of the DSML expects a favorable outcome in this case.

**19.1.19** The Ministry of Interior (GoP) had constituted the Inquiry Commission under the Pakistan Commission of Inquiry Act, 2017 dated 16 March 2020 to probe into the increase in sugar prices in the country. The Commission of Inquiry selected 10 units of sugar mills including 3 units of the Holding Company, accordingly report of the Inquiry Commission has been issued dated 21 May 2020. The Commission of Inquiry in its report has highlighted discrepancies with respect to Benami Transactions (Prohibition) Act, 2017 with respect to the standard business practice of Pakistan sugar industry. The Commission of inquiry has revealed that names of the brokers may be masked, by the sugar mills, and there is risk of sales in benami / fictitious names. The Commission of Inquiry in its report has also highlighted discrepancies in crushing capacity of the Holding Company (refer to note 51) and claimed that such enhancement and enlargement was made in the period of ban on capacity enhancement/enlargement. (Show cause notices have already been issued by the Directorate of Industries, Punjab for both Units I and II of the Holding Company way back in 2014 and matter is still pending). In addition to above, Pakistan Sugar Mills Association (PSMA) along with its member sugar mills, including the Holding Company and DSML, filed writ petition before the Honorable Islamabad High Court (IHC) challenging the initiation of inquiry, Constitution of the Commission Inquiry and all action taken pursuant thereto. Vide short order dated 20 June 2020 the writ petition was disposed off and the commission’s report upheld. PSMA along with its member sugar mills, including the Holding Company and DSML, challenged the order before the Division Bench of IHC in Intra Court Appeal (ICA) No. 156 of 2020. This ICA was dismissed on 08 August 2020. Subsequent to year end, on 26 October 2020, PSMA and the Holding Company and DSML has filed Civil Petition for to Leave to Appeal (CPLA) No. 2697 of 2020 against the judgment dated 08 August 2020 before the Honorable Supreme Court of Pakistan. The Holding Company and DSML has a good prima facie case.

**19.1.20** A petitioner has filed Constitution Petition (CP) No. 3823 of 2018 in the Honorable High Court of Sindh against the Holding Company and DSML along with other sugar mills dated 15 May 2018 for withdrawal/cancellation/refunding of the cash freight subsidy on sugar export approved by the Cabinet Economic Coordination Committee and additional cash freight subsidy approved by the Sindh Cabinet. The management of the both companies based on their legal advisor believes that the matter will ultimately be decided in their favor.

**19.1.21** The matter of fixation of minimum price of sugarcane fixed under relevant notifications for crushing season 2014-2015 and 2017-2018 issued by the Government of Sindh was challenged before the Honorable High Court of Sindh (the Honorable Court) by Sugar Mills. During the proceedings, an interim arrangement was reached out between the parties which along with fate of remaining differential amount per 40 kg i.e. Rs. 10 (Rs. 182 and 172) and Rs. 22 (Rs. 182 and Rs. 160) for respective crushing seasons will be dependent upon the decision of the Honorable Supreme Court of Pakistan in appeal. The management of the Holding Company and DSML believes that the matter will ultimately be decided in their favor. Furthermore, the Holding Company and DSML along with other sugar mills have also filed petition in the Honorable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honorable Supreme Court.

**19.1.22** The Sindh Abadgar Board and Sindh Grower Alliance have filed constitution petitions against PSMA and various sugar mills in Sindh including the Holding Company (Unit III) and DSML. Through these petitions, the petitioners sought an implementation of Supreme Court order dated 05 March 2018, in the quality premium payment from sugar mills. The legal advisors of the Holding Company and DSML is of the view that the Supreme Court has now simply prescribed the criteria for future. However, the Holding Company (Unit III) and DSML has already paid price higher than the minimum notified price since the order of the Supreme Court.

**19.1.23** The Holding Company (Unit II) is in a civil suit no. 1296 of 2015 with a plaintiff who has claimed a sum of Rs. 446 million and entitlement to retain the possession of and run the Unit II unless the dues of the plaintiff have been fully paid.

**19.1.24** The Secretary and Administrator of the Market Committee (MC) issued notices to the Holding Company (Units I & II) demanding arrears on account of market fee for crushing season 2016-17 to 2018-2019 amounting to Rs. 16.45 million. The matter is pending adjudication. The Holding Company has filed an appeal before the Director Agriculture (E&M) against such notices which is pending adjudication.

Further, the Holding Company was in a Constitutional Writ Petition challenging notification No. DIR (FB) XV-II8I-VIII dated 02 August 2017 issued by the Govt of the Punjab whereby market committee fee was enhanced for purchase of sugarcane from 50 paisa to 1 rupee per 100 kg and for Sugar & molasses from 1 rupee to 2 rupees per 100 kg vide order dated 18.12.2020. The said writ petition was referred to the Secretary Agriculture for deciding the grievance in the light of new legal framework. However, the Secretary Agriculture, Govt. of Pakistan via order dated 07 July 2021 concluded that said notification is valid from its issuance and demanded Rs. 76.8 million. The Holding Company has filed an W.P. 55108/2021 against above order and notification. The High Court of Lahore has restrained the authorities from taking any coercive measures. The case is currently pending adjudication. (for details, refer to note 15.2).

**19.1.25** The Holding Company has filed a writ petition no. 2739 against National Electric Power Regularity Authority (NEPRA) & Others in the Islamabad High Court (IHC). Through this writ petition, the Holding Company has impugned the NEPRA in the matter of suo moto review proceedings regarding modification of fuel price mechanism of bagasse-based power project in 2013 upfront tariff. The IHC has vide its order dated 26 July 2019 suspended the impugned modification.

**19.1.26** Punjab Employees Social Security (PESSI) vide different notifications issued from 2012 to 2017 enhanced monthly wage ceiling from Rs. 10,000 to Rs. 22,000 for contribution of every ensured person @ 6%. The Holding Company (Units I and II) along with other petitioners filed writ petition no. 135666/2018 before the Lahore High Court by challenging these notifications, however, the matter was decided against the Holding Company dated 12 June 2019. Thereafter, ICA 42845/2019 against the mentioned order has been filed by the Holding Company. In the said ICA, the impugned judgment dated 12 June 2019 was suspended and PESSI was restrained from recovering any amount from the Holding Company consequent of the findings in the impugned judgement and notification was challenged.

**19.1.27** Federal Investigation Agency has registered various cases revolving around issues like Money Laundering and collusion against accused from within the Holding Company for misappropriation of public holder money. As per legal counsel of the Holding Company, it would be a disservicing to the Holding Company to make an assessment of financial loss that could be incurred as still now police investigation report is not out in the open.

**19.1.28** The Holding Company has filed a WP 59553/2021 against Federation of Pakistan in the Honorable Lahore High Court and challenging the lifting of sugar from the mill at ex-mill price as determined Rs. 84.75/kg through SRO. 1259(I)2021 dated 21 September 2021. However, such WP has disposed off vid order dated 29 September 2021 and concluded that benefit shall be extended to consumers for any excess amount charged as per above mentioned SRO and appellate Committee Order dated 07 October 2021. However, the Holding Company has filed intera court appeal 61698/2021 and WP 63011 & 61692/201 in the Honorable Lahore High Court against such order and notification.

**19.1.29** Employee Old Age Benefits Institution (EOBI) issued show cause notices to the Holding Company demanding an amount of Rs. 7,084,800 and Rs. 5,313,600 in respect of employees of Unit-I & Unit-II respectively for the period October, 2015 to September, 2016. The Holding Company has filed complaint before Adjudicating Authority, Lahore for setting aside of impugned notices. However, the Adjudicating Authority passed an order dated 08 December 2020 against the Holding Company and directed to recover the demanded amount immediately. The Holding Company has filed appeal against such order. The matter is pending adjudication.

**19.1.30** The Holding Company received various show cause notice from the Sindh Revenue Board (SRB) demanding payment of Sindh Workers' Welfare Fund for the period 2015 to 2017 for Rs. 116 million. The Holding Company has challenged the said notices in High Court of Sindh on the ground that after the 18th Amendment, SRB and Federation of Pakistan, both can only collect Workers' Welfare Fund (WWF) from the Holding Company after a law is enacted catering to WWF collection from trans-provincial organizations. Further, august Supreme Court of Pakistan, in CA. No. 1583 of 2014 has held that exclusive jurisdiction rested with the Parliament and Federation of Pakistan in respect of labour matters of trans-provincial organizations. The Federation of Pakistan and the Province of Sindh along with SRB have been made parties in the said matter. The Holding Company's legal counsel is of the view that the Holding Company, being a trans-provincial organization, has a good chance of success. However, provision for WWF in respect of the Holding Company has been recognized in accordance with the Workers Welfare Fund Ordinance, 1971(2020: Sindh Workers Welfare Fund (Amendment) Act, 2018) (for details, refer to note 15.4).

Based on the opinion of the Group's legal advisors, management is expecting a favorable outcome of the above cases from 19.1.9 to 19.1.29 and from 19.1.32 to 19.1.36. Therefore no provision has been recognized in these consolidated financial statements.

**19.1.31** The Honorable Sindh High Court passed an order in C.P. no. D-1313/2013 dated 12 February 2018, according to which, in the case of trans-provincial companies, the companies are required to pay Workers' Profit Participation Fund (WPPF) under the Sindh Companies Profits (Workers' Participation Act), 2015. Sindh Revenue Board (SRB) vide the impugned judgment issued notice to the Holding Company for the non payment of WPPF as per the impugned judgement. The Holding Company has filed an an appeal against this order in the Honorable Supreme Court and impugned judgment of the Honorable Sindh High Court has been suspended. However, allocation for the year has been recognized in accordance with provision of the Companies Profit (Workers' Participation) Act, 1968 (for details, refer to note 15.3).

**19.1.32** The Subsidiary Company - DSML is in a Constitutional Petition dated 01 March 2011 with the Additional Secretary Industries and Commerce Department, Government of Sindh against cancelling of No Objection Certificate (collectively "Impugned Cancellation Order"). However the Honorable Sindh High Court has suspended the Impugned Cancellation Order and the respondents in the Constitutional Petition have been restrained from interfering in the construction of the sugar mills. The actual date of further hearing in this case is yet to be notified by the High Court. While in the view of legal advisor, DSML has an arguable case, and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by DSML.

**19.1.33** The Subsidiary Company - DSML has filed an appeal No. 6 of 2021 before the Competition Appellate Tribunal against the order dated 13 August 2021 of the Competition Commission of Pakistan (''CCP'') in which a penalty of Rs.747,369,598 was imposed on the DSML. At the time of filing of the Appeals, the tribunal in question was not constituted. The matter is pending adjudication before Appellate Tribunal.

The DSML also challenged the order dated 13 August 2021 before the Lahore High Court in Writ Petition No. 64850 of 2021 titled Deharki Sugar Mills (Private) Limited vs Federation of Pakistan etc. The operation of said order has been suspended and CCP has been restrained from recovering the penalty imposed in terms of an order of the Lahore High Court dated 18 October 2021. The Writ Petition is pending adjudication before the Lahore High Court.

**19.1.34** The Writ Petition No. 1571 of 2018 titled Central Power Purchasing Agency (Guarantee) Limited Vs National Electric Power Regulatory Authority ('NEPRA') & 14 others filed by Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') impugning NEPRA decision dated 11-09-2017 in the matter of Application for Unconditional Acceptance of Bagasse 2013 Upfront Tariff filed by the subsidiary Companies (SPL and GPL) and NEPRA decision dated 18-04-2018 in the matter of Review Motions filed by CPPA-G against the award of Upfront Tariff, 2013 to Twelve Bagasse Co-Generation Projects. The Subsidiary Companies position in these proceedings are that NEPRA rightly held in the decision dated 18-04-2018 that the Framework, 2013 does not specify any number of annual plant factor of 45% after considering all relevant factors. The Subsidiary Companies has submitted detailed written submissions (along with supporting documents) and also made oral submission in support of its position and the matter is still pending before Islamabad High Court. Keeping in view the provisions of the Constitution, the Law as well as Judicial Precedents – as the management of the Subsidiary Companies, based on the advice of its legal advisor handling the subject cases, is of the opinion that matters shall be decided in the Subsidiary Companies favour.

**19.1.35** Civil suit titled Ghotki Power (Private) Limited and Sadiqabad Power (Private) Limited (subsidiaries companies) Vs. Alternate Energy Development Board (AEDB) & 3 others, instituted before the Court of Senior Civil Judge, (West) Islamabad, impugning the decision of Alternate Energy Development Board dated 05-08-2020 to the extent of encashment of a Bank Guarantee No. 1398LBG170654 and 1398LBG170655 submitted by the subsidiary companies respectively in the process of setting up a Bagasse Based Generation Power Project. The learned court in terms of order dated 8-12-2020 directed the defendants in the suit "to maintain the status quo regarding the suit bank guarantee".

**19.1.36** Certain cases have been filed against the Holding Company by some former employees. No provision has been made in these consolidated financial statements as the management of the Holding Company, based on the advice of its legal advisors handling the subject cases, is of the opinion that matters shall be decided in the Holding Company's favour. The claims amount can't be quantified due to nature of the claims.

**19.1.37** Guarantees issued by the banks on behalf of the Holding Company and its Subsidiary Companies, SPL, GPL and DSML in favour of various parties as at the reporting date amounts to Rs. 965 million (2020: Rs. 780 million).

**19.1.38** The Holding Company has availed Growers financing facilities from various banks aggregated to Rs. 1,315 million (2020: Rs. 671 million) . The mark-up rates applicable during the year ranges from one year KIBOR plus 240 to 250 bps per annum (2020: one year KIBOR plus 240 to 250 bps per annum). These facilities are secured against counter guarantee on account of agricultural loan as at the reporting date amounts to Rs. 2,520 million (2020: Rs. 2,353 million) and personal guarantees of sponsor directors of the Holding Company (for details, refer to note 30.1).

**19.1.39** The Holding Company has issued cross corporate guarantees of Rs. 751.3 million (2020: Rs. nil) on behalf of Deharki Sugar Mills (Private) Limited - wholly owned subsidiary, to secure the obligations of subsidiary company towards their lenders.

**19.1.40** Guarantees issued by the banks on behalf of the Holding Company in favor of Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited, wholly owned subsidiary companies, as at the reporting date aggregate amounts to Rs. 38 million (2020: Rs. 37 million).

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **19.2** | **Commitments** | | | |
| **19.2.1** | Letters of credit for import of machinery and its related components related to: | | | |
| | Holding Company - JDWSML | 19.2.1.1 | 201,323,470 | 111,385,896 |
| | Subsidiary Company - DSML | | 19,553,572 | 21,661,010 |
| | | | 220,877,042 | 133,046,906 |

**19.2.1.1** It includes shipping guarantee amounting to Rs. 8.812 million (2020: Rs. Nil).

**19.2.2** Commitments in respect of operation and maintenance cost of Co-Generation Power Plants of the Holding Company contracted for but not incurred as at 30 September 2021 amounts to Rs. 115.33 million (2020: Rs. 344 million).

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **20. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 20.1 | 23,211,878,042 | 24,478,190,425 |
| Capital work in progress | 20.2 | 60,266,380 | 14,599,420 |
| Stores, spare parts and loose tools held for capital expenditure | 20.3 | 105,167,132 | 158,697,680 |
| | | 23,377,311,554 | 24,651,487,525 |

### 20.1 Operating fixed assets

#### 20.1.1 Reconciliation of ending balances by classes of assets is as follows:

| | Cost | | | | | Depreciation and Impairment loss | | | | | Carrying amount as at 30 September 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2020 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2021 | Rate | As at 01 October 2020 | For the year | Transfers / (deletions) during the year | Impairment | As at 30 September 2021 | |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Owned** | | | | | | | | | | | |
| Freehold land | 2,349,698,225 | 43,281,688 | - | 2,392,979,913 | - | - | - | - | - | - | 2,392,979,913 |
| | | - | | | | | | - | | | |
| Factory building on freehold land | 2,958,858,193 | - | - | 2,943,163,304 | 10 | 1,491,866,698 | 145,269,298 | - | - | 1,624,311,390 | 1,318,851,914 |
| | | (15,694,889) | | | | | | (12,824,606) | | | |
| Non-factory building on freehold land | 1,043,809,291 | 14,551,040 | - | 1,058,076,026 | 5-20 | 417,941,907 | 34,355,378 | - | - | 452,297,285 | 605,778,741 |
| | | (284,305) | | | | | | - | | | |
| Plant and machinery | 26,958,453,782 | 34,962,882 | - | 26,474,438,216 | 5-20 | 8,655,507,342 | 940,685,353 | - | 17,768,134 | 9,143,969,624 | 17,330,468,592 |
| | | (518,978,448) | | | | | | (469,991,205) | | | |
| Sugarcane roots | 744,430,754 | 498,972,201 | - | 776,236,276 | 33 | 211,930,205 | 216,431,818 | - | - | 274,848,701 | 501,387,575 |
| | | (467,166,679) | | | | | | (153,513,322) | | | |
| Motor vehicles | 2,016,156,996 | 41,618,809 | 56,371,350 | 2,024,877,480 | 20 | 1,654,561,271 | 111,285,249 | 42,254,670 | - | 1,742,965,022 | 281,912,458 |
| | | (89,269,675) | | | | | | (65,136,168) | | | |
| Electrical installation | 193,810,877 | 6,177,860 | - | 192,745,624 | 10 | 96,759,740 | 10,011,527 | - | 1,301,680 | 102,836,738 | 89,908,886 |
| | | (7,243,113) | | | | | | (5,236,209) | | | |
| Office equipment | 81,939,032 | 1,515,276 | - | 83,366,008 | 20 | 60,221,754 | 4,985,488 | - | 55,641 | 65,176,058 | 18,189,950 |
| | | (88,300) | | | | | | (86,825) | | | |
| Tools and equipment | 90,881,036 | 1,884,742 | - | 88,561,624 | 10-20 | 42,423,913 | 4,974,976 | - | 176,886 | 44,117,011 | 44,444,613 |
| | | (4,204,154) | | | | | | (3,458,764) | | | |
| Furniture and fixture | 31,164,026 | 2,068,773 | - | 32,742,429 | 10 | 17,698,802 | 2,413,624 | - | 33,849 | 19,677,215 | 13,065,214 |
| | | (490,370) | | | | | | (469,060) | | | |

| | Cost | | | | | Depreciation and Impairment loss | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2020 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2021 | Rate | As at 01 October 2020 | For the year | Transfers / (deletions) during the year | Impairment | As at 30 September 2021 | Carrying amount as at 30 September 2021 |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Weighbridge | 47,424,436 | - | - | 46,824,436 | 10 | 26,933,050 | 2,049,139 | - | - | 28,426,371 | 18,398,065 |
| | | (600,000) | | | | | | (555,818) | | | |
| Roads and boundary wall | 170,868,140 | - | - | 170,564,168 | 10 | 100,885,150 | 6,998,299 | - | - | 107,834,764 | 62,729,404 |
| | | (303,972) | | | | | | (48,685) | | | |
| Arms and ammunitions | 8,224,057 | 272,642 | - | 8,272,259 | 10 | 5,817,662 | 258,544 | - | - | 5,886,908 | 2,385,351 |
| | | (224,440) | | | | | | (189,298) | | | |
| Fire fighting equipment | 82,815,232 | - | - | 82,815,232 | 20 | 61,520,448 | 4,258,957 | - | - | 65,779,405 | 17,035,827 |
| | | - | | | | | | - | | | |
| Aircrafts | 873,689,731 | 28,333,194 | - | 902,022,925 | 10-25 | 360,964,930 | 51,846,459 | - | - | 412,811,389 | 489,211,536 |
| | | - | | | | | | - | | | |
| Tube well | 10,173,641 | - | - | 9,556,913 | 10 | 5,823,432 | 435,021 | - | 6,997 | 5,940,827 | 3,616,086 |
| | | (616,728) | | | | | | (324,623) | | | |
| Computers | 84,897,192 | 4,919,493 | - | 88,059,208 | 33 | 58,247,912 | 9,717,410 | - | 64,554 | 66,545,291 | 21,513,917 |
| | | (1,757,477) | | | | | | (1,484,585) | | | |
| | 37,747,294,641 | 678,558,599 | 56,371,350 | 37,375,302,041 | | 13,269,104,216 | 1,545,976,540 | 42,254,670 | 19,407,741 | 14,163,423,999 | 23,211,878,042 |
| | | (1,106,922,550) | | | | | | (713,319,168) | | | |

**20.1.2** Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 517.34 million (2020: Rs. 1,035.39 million).

**20.1.3** Transfers to freehold land and motor vehicles represents transfer of land and vehicles from investment property and right-of-use assets at carrying value amounting to Rs. nil and Rs. 14.11 million (2020: Rs. 38.7 million and Rs. 10.5 million) respectively.

**20.1.4** Property, plant and equipment of the Group are kept secured with the banks under ranking and joint pari passu charge, for obtaining financing. This charge will exist till 31 January 2027. For details, refer to Note 8.

**20.1.5** Operating fixed assets having carrying amount Rs. 94 (2020: Rs. Nil) as at 30 September 2021 have been retired from active use and not classified as held for sale in accordance with IFRS 5.

## 20.1.6 Reconciliation of ending balances by classes of assets is as follows:

| | Cost | | | | | | Depreciation | | | | Carrying amount as at 30 September 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2019 | Additions / (deletions) during the year | Transfers during the year | Classified as held for sale (note 33) | As at 30 September 2020 | Rate | As at 01 October 2019 | For the year | Transfers / (deletions) during the year | As at 30 September 2020 | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Owned** | | | | | | | | | | | |
| Freehold land | 2,380,994,125 | - | 38,704,100 | (70,000,000) | 2,349,698,225 | - | - | - | - | - | 2,349,698,225 |
| | | - | | | | | | - | | | |
| Factory building on freehold land | 2,706,778,959 | 252,079,234 | - | - | 2,958,858,193 | 10 | 1,341,443,021 | 150,423,677 | - | 1,491,866,698 | 1,466,991,495 |
| | | - | | | | | | | - | | |
| Non-factory building on freehold land | 1,041,996,010 | 1,813,281 | - | - | 1,043,809,291 | 5-20 | 384,156,991 | 33,784,916 | - | 417,941,907 | 625,867,384 |
| | | - | | | | | | | - | | |
| Plant and machinery | 26,417,726,191 | 543,124,438 | - | - | 26,958,453,782 | 5-20 | 7,679,975,294 | 977,753,462 | - | 8,655,507,342 | 18,302,946,440 |
| | | (2,396,847) | | | | | | | (2,221,414) | | |
| Sugarcane roots | 788,526,285 | 287,079,904 | - | - | 744,430,754 | 17 | 204,784,368 | 124,071,792 | - | 211,930,205 | 532,500,549 |
| | | (331,175,435) | | | | | | | (116,925,955) | | |
| Motor vehicles | 2,032,561,880 | 29,915,700 | 10,552,000 | - | 2,016,156,996 | 20 | 1,532,954,580 | 159,735,577 | 5,515,888 | 1,654,561,271 | 361,595,725 |
| | | (56,872,584) | | | | | | | (43,644,774) | | |
| Electrical installation | 187,335,776 | 6,475,101 | - | - | 193,810,877 | 10 | 86,419,604 | 10,340,136 | - | 96,759,740 | 97,051,137 |
| | | - | | | | | | | - | | |
| Office equipment | 80,113,527 | 2,022,063 | - | - | 81,939,032 | 20 | 54,893,836 | 5,516,251 | - | 60,221,754 | 21,717,278 |
| | | (196,558) | | | | | | | (188,333) | | |
| Tools and equipment | 88,513,140 | 2,367,896 | - | - | 90,881,036 | 10-20 | 37,156,287 | 5,267,626 | - | 42,423,913 | 48,457,123 |
| | | - | | | | | | | - | | |
| Furniture and fixture | 29,307,102 | 1,885,872 | - | - | 31,164,026 | 10 | 15,502,113 | 2,215,505 | - | 17,698,802 | 13,465,224 |
| | | (28,948) | | | | | | | (18,816) | | |

| | Cost | | | | | Rate | Depreciation | | | | Carrying amount as at 30 September 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2019 | Additions / (deletions) during the year | Transfers during the year | Classified as held for sale (note 33) | As at 30 September 2020 | | As at 01 October 2019 | For the year | Transfers / (deletions) during the year | As at 30 September 2020 | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| Weighbridge | 47,424,436 | - | - | - | 47,424,436 | 10 | 24,656,229 | 2,276,821 | - | 26,933,050 | 20,491,386 |
| | | - | | | | | | | - | | |
| Roads and boundary wall | 170,152,947 | 715,193 | - | - | 170,868,140 | 10 | 93,148,936 | 7,736,214 | - | 100,885,150 | 69,982,990 |
| | | - | | | | | | | - | | |
| Arms and ammunitions | 8,224,057 | - | - | - | 8,224,057 | 10 | 5,550,284 | 267,378 | - | 5,817,662 | 2,406,395 |
| | | - | | | | | | | - | | |
| Fire fighting equipment | 82,815,232 | - | - | - | 82,815,232 | 20 | 56,196,751 | 5,323,697 | - | 61,520,448 | 21,294,784 |
| | | - | | | | | | | - | | |
| Aircrafts | 873,689,731 | - | - | - | 873,689,731 | 10-25 | 303,995,507 | 56,969,423 | - | 360,964,930 | 512,724,801 |
| | | - | | | | | | | - | | |
| Tube well | 10,173,641 | - | - | - | 10,173,641 | 10 | 5,340,075 | 483,357 | - | 5,823,432 | 4,350,209 |
| | | - | | | | | | | - | | |
| Computers | 74,827,440 | 12,102,772 | - | - | 84,897,192 | 33 | 48,739,006 | 10,719,424 | - | 58,247,912 | 26,649,280 |
| | | (2,033,020) | | | | | | | (1,210,518) | | |
| | 37,021,160,480 | 1,139,581,453 | 49,256,100 | (70,000,000) | 37,747,294,641 | | 11,874,912,882 | 1,552,885,256 | 5,515,888 | 13,269,104,216 | 24,478,190,425 |
| | | (392,703,392) | | | | | | | (164,209,810) | | |
| **Leased** | | | | | | | | | | | |
| Motor vehicles (Note 20.1.7) | 313,494,127 | - | - | - | - | 20 | 83,311,318 | - | - | - | - |
| | | - | (313,494,127) | - | | | | | (83,311,318) | | |
| | 37,334,654,607 | 1,139,581,453 | 49,256,100 | (70,000,000) | 37,747,294,641 | | 11,958,224,200 | 1,552,885,256 | 5,515,888 | 13,269,104,216 | 24,478,190,425 |
| | | (392,703,392) | (313,494,127) | | | | | | (247,521,128) | | |

**20.1.7** This represents leased assets reclassified to right-of-use assets (refer to note 21).

**20.1.8** Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

| Location | Usage of immovable property | Total area (Acres) |
|---|---|---|
| Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan | Manufacturing facility | 318.60 |
| Machi Goth, Sadiqabad, District Rahim Yar Khan | Manufacturing facility & Co-Gen Power Plant | 186.72 |
| Village Laluwali, District Ghotki | Manufacturing facility & Co-Gen Power Plant | 157.03 |
| Mauza Kamoo Shaheed, Taluka Ubauro, Mirpur | | |
| Mathelo, Ghotki | Manufacturing facility | 127.187 |
| Mangowal, Gujrat (Note 20.1.10) | Manufacturing facility | 28.38 |
| 59-A, Gulberg, Lahore | Record room / space for corporate office | 0.65 |
| 29-B, Gulberg, Lahore | Rest house | 0.30 |
| Agricultural Land - Punjab (various locations) | Agriculture land | 1,014.32 |
| Agricultural Land - Sindh (various locations) | Agriculture land | 1,078.98 |

The buildings on freehold land and other immovable fixed assets of the Group are constructed / located at above mentioned freehold land.

**20.1.9** Land measuring 158.5 Kanals / 19.81 acres situated at Sadiqabad is under litigation by virtue of an appeal filed by the Holding Company, whereby the Appellate Authority has granted stay order in the favour of the Holding Company dated 08 November 2021.

**20.1.10** This presents immovable property belong to disposal group (for details, refer to note 1.4 & 33)

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **20.1.11 Depreciation charge for the year has been allocated as follows:** | | | |
| Cost of goods manufactured | 36.1 | 1,135,761,773 | 1,249,318,014 |
| Further cost charged on biological assets | 36.1.1.1 | 52,294,203 | 69,732,241 |
| Administrative expenses | 37 | 97,090,586 | 46,273,670 |
| Cost incurred on standing crops | 39.1.1 | 260,829,978 | 187,561,331 |
| | | 1,545,976,540 | 1,552,885,256 |

**20.1.12** Impairment charge for the year has been allocated to cost of goods manufactured.

**20.1.13** Detail of disposals of operating fixed assets

The details of operating fixed assets disposed off / written off during the year are as follows:

| Description | Particulars of purchaser | Cost | Accumulated depreciation | Net book value | Sales value | Gain | Mode of disposal | Relationship with the Group |
|---|---|---|---|---|---|---|---|---|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| **Plant and machinery** | | | | | | | | |
| Steam Turbine | JK Sugar Mills (Private) Limited | 10,201,994 | 4,910,591 | 5,291,403 | 12,000,000 | 6,708,597 | Negotiation | Other party |
| | | 10,201,994 | 4,910,591 | 5,291,403 | 12,000,000 | 6,708,597 | | |
| **Motor vehicles** | | | | | | | | |
| Toyota Corolla GLI | Mr.M. Pervaiz Azhar | 1,028,873 | 513,085 | 515,788 | 538,500 | 22,712 | Group Policy | Employee |
| Toyota Corolla Altis | Mr. M. Armghan Aized | 1,970,500 | 1,141,068 | 829,432 | 591,151 | (238,281) | Group Policy | Employee |
| Toyota Corolla Altis | Mr. Nazir Gopang | 1,229,023 | 623,924 | 605,099 | 589,500 | (15,599) | Group Policy | Employee |
| Honda Vezel | Mr. Sajid Ahmed | 3,624,710 | 2,519,561 | 1,105,149 | 1,500,000 | 394,851 | Group Policy | Employee |
| Suzuki Swift | EFU insurance claim | 1,905,000 | 475,987 | 1,429,013 | 1,935,000 | 505,987 | Insurance claim | Other party |
| Toyota Corolla GLI | Mr. Ghazanfar Ali Syed | 1,805,500 | 1,227,461 | 578,039 | 541,650 | (36,389) | Group Policy | Employee |
| Toyota Corolla Altis | Mr. Shahid Umar | 1,229,023 | 679,018 | 550,005 | 604,500 | 54,495 | Group Policy | Employee |
| Toyota Corolla XLI | Mr.M. Tariq Javaid | 1,217,060 | 704,339 | 512,721 | 668,000 | 155,279 | Group Policy | Employee |
| Toyota Corolla Altis | Mr. Khalid Sohail | 1,229,023 | 679,345 | 549,678 | 614,698 | 65,020 | Group Policy | Employee |
| Toyota Corolla XLI | Mr. Shahab Badar | 1,690,500 | 1,188,177 | 502,323 | 498,150 | (4,173) | Group Policy | Employee |
| | | 16,929,212 | 9,751,965 | 7,177,247 | 8,081,149 | 903,902 | | |
| **Assets - written off** | | | | | | | | |
| Sugarcane roots | | 467,166,679 | 153,513,322 | 313,653,357 | – | – | Group policy | |
| Others | | 536,696,785 | 487,237,863 | 49,458,922 | – | – | Group policy | |
| | | 1,003,863,464 | 640,751,185 | 363,112,279 | – | – | | |
| **Assets having net book value less than Rs. 500,000** | | 75,927,880 | 57,905,427 | 18,022,453 | 45,765,018 | 28,838,749 | | |
| **2021** | | 1,106,922,550 | 713,319,168 | 393,603,382 | 65,846,167 | 36,451,248 | | |
| 2020 | | 392,703,392 | 164,209,810 | 228,493,582 | 36,756,046 | 23,437,763 | | |

## 20.2 Capital work in progress

### 20.2.1 Reconciliation of carrying amounts by classes of assets is as follows:

| | Cost | | | | | Impairment | | | | | Carrying amount as at 30 September 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2020 | Additions during the year | Transfers to operating fixed assets | Classified as held for sale | As at 30 September 2021 | As at 01 October 2020 | For the year | Reversals during the year | Classified as held for sale | As at 30 September 2021 | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Building & civil work | 14,516,860 | 11,613,506 | (14,551,040) | - | 11,579,326 | - | - | - | - | - | 11,579,326 |
| Plant and machinery | - | 20,237,562 | (3,817,739) | - | 16,419,823 | - | - | - | - | - | 16,419,823 |
| Sugarcane roots | 82,560 | 500,485,895 | (498,972,202) | - | 1,596,253 | - | - | - | - | - | 1,596,253 |
| Vehicles | - | 30,670,978 | - | - | 30,670,978 | - | - | - | - | - | 30,670,978 |
| | 14,599,420 | 563,007,941 | (517,340,981) | - | 60,266,380 | - | - | - | - | - | 60,266,380 |

| | Cost | | | | | Impairment | | | | | Carrying amount as at 30 September 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2019 | Additions / (deletions) during the year | Transfers to operating fixed assets | Classified as held for sale | As at 30 September 2020 | As at 01 October 2019 | For the year | Reversals during the year | Classified as held for sale | As at 30 September 2020 | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Building & civil work | 351,117,847 | 69,440,549 | (221,248,665) | (184,792,871) | 14,516,860 | - | | - | - | - | 14,516,860 |
| | | - | | | | | | | | | |
| Plant and machinery | 2,044,489,679 | 155,706,854 | (523,063,227) | (1,653,015,101) | - | 1,109,196,969 | - | (14,894,542) | (1,094,302,427) | - | - |
| | | (24,118,205) | | | | | | | | | |
| Sugarcane roots | - | 287,162,464 | (287,079,904) | - | 82,560 | - | - | - | - | - | 82,560 |
| | | - | | | | | | | | | |
| Electrical installation | 3,281,216 | - | (3,281,216) | - | - | - | - | - | - | - | - |
| | | - | | | | | | | | | |
| Roads and boundary wall | 715,193 | - | (715,193) | - | - | - | - | - | - | - | - |
| | | - | | | | | | | | | |
| Unallocated expense | 2,036,775,919 | - | - | (2,010,277,279) | - | 2,036,775,919 | - | (26,498,640) | (2,010,277,279) | - | - |
| | | (26,498,640) | | | - | | | | | | |
| | 4,436,379,855 | 512,309,867 | (1,035,388,205) | (3,848,085,251) | 14,599,420 | 3,145,972,888 | - | (41,393,182) | (3,104,579,706) | - | 14,599,420 |
| | | (50,616,845) | | | | | | | | | |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **20.3** | **Stores, spare parts and loose tools held for capital expenditure** | | | |
| | As at 01 October | | 158,697,680 | 146,796,394 |
| | Additions during the year | | 12,411,487 | 17,062,029 |
| | | | 171,109,167 | 163,858,423 |
| | Transferred to operating fixed assets | | (60,922,298) | (3,767,560) |
| | Charged to consumption / adjustments | | (5,019,737) | (1,393,183) |
| | | | (65,942,035) | (5,160,743) |
| | **As at 30 September** | 20 | 105,167,132 | 158,697,680 |

## 21. RIGHT-OF-USE ASSETS

| | 2021 | | | |
|---|---|---|---|---|
| | Building | Land | Vehicles | Total |
| | Rupees | Rupees | Rupees | Rupees |
| As at 01 October | 83,561,321 | 839,299,150 | 253,601,056 | 1,176,461,527 |
| Additions during the year | 2,882,272 | 1,101,304,101 | 300,198,629 | 1,404,385,002 |
| Deletions during the year | – | (32,325,447) | – | (32,325,447) |
| Derecognition due to sublease | – | (68,940,024) | – | (68,940,024) |
| Transfer to operating fixed assets - net book value | – | – | (14,116,680) | (14,116,680) |
| Impact of remeasurement | (1,487,689) | (7,935,666) | – | (9,423,355) |
| Depreciation charged for the year | (39,509,552) | (468,681,559) | (68,224,545) | (576,415,656) |
| **As at 30 September** | 45,446,352 | 1,362,720,555 | 471,458,460 | 1,879,625,367 |
| Less: Current maturity presented under current assets | – | – | (43,462,361) | (43,462,361) |
| | 45,446,352 | 1,362,720,555 | 427,996,099 | 1,836,163,006 |
| Useful life (rate) / lease term | 3 to 5 years | 3 to 5 years | 20% | |

| | 2020 | | | |
|---|---|---|---|---|
| | Building | Land | Vehicles | Total |
| | Rupees | Rupees | Rupees | Rupees |
| As at 01 October | – | – | – | – |
| Impact of adoption of IFRS 16 | 114,741,212 | 922,024,372 | 230,182,809 | 1,266,948,393 |
| Additions during the year | 7,667,179 | 308,610,175 | 88,487,100 | 404,764,454 |
| Deletions during the year | – | (462,019) | – | (462,019) |
| Transfer to operating fixed assets - net book value | – | – | (5,036,112) | (5,036,112) |
| Depreciation charged for the year | (38,847,070) | (390,873,378) | (60,032,741) | (489,753,189) |
| **As at 30 September** | 83,561,321 | 839,299,150 | 253,601,056 | 1,176,461,527 |
| Less: Current maturity presented under current assets | – | – | (19,040,329) | (19,040,329) |
| | 83,561,321 | 839,299,150 | 234,560,727 | 1,157,421,198 |
| Useful life (rate) / lease term | 3 to 5 years | 3 to 5 years | 20% | |

**21.1** The Group's obligations under vehicles leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed in note 4.4.

**21.2** The depreciation charge on right-of-use assets for the year has been allocated as follows:

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Cost of goods manufactured | 36.1 | 64,910,671 | 48,475,778 |
| Further cost charged on biological assets | 36.1.1.1 | 2,959,135 | 5,662,148 |
| Administrative expenses | 37 | 39,509,552 | 38,847,070 |
| Cost incurred on standing crops | 39.1.1 | 469,036,298 | 396,768,193 |
| | | 576,415,656 | 489,753,189 |

## 22. INVESTMENT PROPERTY

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Balance as at 01 October | | 185,854,012 | 219,015,262 |
| Purchased during the year | | – | 5,542,850 |
| Transferred to operating fixed assets | | – | (38,704,100) |
| **Balance as at 30 September** | 22.1 | 185,854,012 | 185,854,012 |

**22.1** Investment property represents agricultural land measuring 400.71 acres (2020: 400.71 acres) situated at various locations of Tehsil Sadiqabad, District Rahim Yar Khan given on operating lease having the fair value of Rs. 345 million (2020: Rs. 345 million) as at 30 June 2019. The value of investment property was determined by approved external, independent property valuer i.e. Hamid Mukhtar and Co. (Pvt.) Limited by using the market comparable method and categorise as level 2 fair value. The most significant input in this valuation approach is price / rate per acre in particular locality. The management foresee, there is no significant change since last valuation.

**22.2** Forced sale value of the investment property has been assessed as Rs. 276 million (2020: Rs. 276 million).

**22.3** The amount of future lease rentals on agricultural contract and the period in which payments will become due are as follows:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Less than one year | 11,853,433 | 7,763,875 |
| More than one year | 8,184,825 | – |
| | 20,038,258 | 7,763,875 |

## 23. INTANGIBLES

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Goodwill | 23.1 | 608,310,693 | 608,310,693 |
| Oracle computer software | 23.2 | 4,436,932 | 6,485,289 |
| | | 612,747,625 | 614,795,982 |

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **23.1 Goodwill** | | | |
| As at 01 October | | 608,310,693 | 608,310,693 |
| Less: Impairment charge for the year | 23.1.2 | – | – |
| As at 30 Septembet | | 608,310,693 | 608,310,693 |

### 23.1.1 Goodwill on United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited

Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Holding Company. For impairment testing, the recoverable amount of both cash generating unit is determined based on value in use calculation which uses cash flow projections covering a five-year period using the average discount rate of 15.46% per annum (2020: 20.49% per annum). The calculation of value in use is sensitive to discount rate and local inflation rates. Management's key assumptions include stable profit margins, based on past experience in this market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry. Based on this calculation, no impairment is required to be accounted for against the carrying amount of goodwill.

### 23.1.2 Goodwill on Faruki Pulp Mills Limited - FPML

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, management of the Group has estimated the recoverable amount of underlying assets and liabilities of FPML Rs. 666 million as determined by the independent valuer and has not reversed impairment loss of Rs. 83.692 million (2020: Rs. nil) recognised in prior years.

**Fair value hierarchy**

The recoverable amount of the FPML was based on fair value less costs of disposal. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

**Valuation techniques used to derive fair values of the underlying assets**

The key assumptions which were used for estimation of the recoverable amount are set out below.

| | Carrying Value<br>Rupees | Recoverable amount<br>Rupees | Valuation technique used |
|---|---|---|---|
| Net current assets | 9,471,807 | 9,471,807 | The carrying amount is assumed to approximate the fair value as these are reported at amounts not less than those at which these are expected to be recovered. |
| Property, plant and equipment | 572,811,451 | 656,503,813 | Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment. |
| | 582,283,258 | 665,975,620 | |

The fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the land. The most significant input in this valuation approach is price per acre which has significant change from prior year.

The fair value of plant, machinery and ancillary equipment is based on depreciated replacement cost approach taking into account the prevailing market value of identified items and net realizable value assets grouped according to machinery class, adjusted against depreciation, price indices and exchange differences on imported assets. The fair value of building and civil work is based on depreciated replacement cost approach taking into account the construction features and measurements of built area involved.

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in fair value measurements.

| Description | Significant unobservable inputs | Quantitative data / range and relationship to the fair value |
|---|---|---|
| Buildings and civil works | Cost of construction of a similar building and structure. | The prevailing market rate of construction has been determined by taking into account the finishes required in wood pulp manufacturing industry. |
| | Straight line depreciation applied for usage from date of construction. Forced sale value used since FPML is liquidating its assets. | The versatility and general conditions of the building have been used to estimate the straight line basis of depreciation of the building. |
| Plant and machinery and ancillary equipment | Cost of acquisition of similar machinery with similar level of technology. | The market value has been determined by using cost of acquisition of similar plant and machinery with similar level or technology and applying a suitable depreciation factor based on remaining useful lives of plant and equipment. |
| | Suitable depreciation rate to arrive at depreciated replacement value. Forced sale value used since FPML is liquidating its assets. | The higher the cost of acquisition of similar machinery, the higher the fair value of plant and equipment. Furthermore, higher the depreciation rate, the lower the fair value of items. |

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **23.2** | **Oracle computer software** | | |
| | Cost | 22,747,279 | 22,747,279 |
| | Accumulated amortization | | |
| | As at 01 October | 16,261,990 | 14,209,383 |
| | Amortization for the year | 2,048,357 | 2,052,607 |
| | | 18,310,347 | 16,261,990 |
| | **As at 30 September** | 4,436,932 | 6,485,289 |
| | Rate of amortization | 10% | 10% |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **24. LONG TERM INVESTMENTS** | | | |
| Kathai-II Hydro (Private) Limited ("KHL") | 24.1 | – | – |
| JDW Power (Private) Limited ("JDWPL") | 24.2 | – | – |
| | | – | – |
| **Less: Classified under current assets** | | | |
| **as short term investments** | | | |
| JDW Power (Private) Limited ("JDWPL") | 24.2 | – | – |
| **Classified under non-current assets** | | – | – |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **24.1 Kathai-II Hydro (Private) Limited ("KHL")** | | | |
| 250 (2020: 250) fully paid shares of Rs. 10 each | | | |
| Equity held 20% (2020: 20%) | | 2,500 | 2,500 |
| **Share of post acquisition reserve:** | | | |
| Brought forward post acquisition profits | | (2,500) | |
| Share of loss for the year / period | | – | (2,500) |
| | | (2,500) | (2,500) |
| **Balance as at 30 September** | 24.1.1 | – | – |

**24.1.1** Equity method has been applied on audited financial statements for the year ended June 30, 2021 (2020: June 30, 2020). Post acquisition reserves restricted to the cost of investment, therefore share of loss amounted to Rs. 210,968 (2020: Rs. 105,855) for the year has not taken under equity method. The summarized audited financial information of KHL is as follows:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Revenue | – | – |
| Loss for the year | (1,054,840) | (852,360) |
| Company's share of loss | (210,968) | (108,355) |
| Other comprehensive income for the year | – | – |
| Company's share of other comprehensive income | – | – |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **24.2 JDW Power (Private) Limited ("JDWPL")** | | | |
| 9,000,000 (2020: 9,000,000) fully paid shares of Rs. 10 each | | | |
| Equity held 47.37% (2020: 47.37%) | | 90,000,000 | 90,000,000 |
| Less: Accumulated impairment allowance | 24.2.1 | (90,000,000) | (90,000,000) |
| **Balance as at 30 September** | | – | – |

**24.2.1** On 11 July 2019, the shareholders of JDWPL through an extra ordinary general meeting passed a resolution for the winding up of JDWPL, subsequently management of the JDWPL has applied to Securities and Exchange Commission of Pakistan (SECP) for the approval of winding up.

## 25. LONG TERM DEPOSITS

These includes security deposits with conventional banks and Islamic financial institution/banks in respect of leasing facilities availed against right-of-use assets amounting to Rs. 7.97 million and Rs. 86.89 million (2020: Rs. 16 million and Rs. 30.88 million) respectively. Current maturity of long term deposits for Rs. 13.371 million (2020: Rs. 17.166 million) are presented under current assets (refer to note 31). The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of other long term security deposits for Rs. 12.210 million (2020: Rs. 23.788 million) is not considered material and hence not recognized. These also includes an advance amounting to Rs. 1.55 million (2020: Rs. 4.54 million) due from JDW Aviation (Pvt.) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 4.25 million (2020: Rs. 4.54 million). These deposits do not carry any interest or markup.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **26. LEASE RECEIVABLES** | | | |
| Recognised during the year | | 112,922,359 | – |
| Income from subleasing of right-of-use assets | 39 | 5,523,671 | – |
| Receipt during the year | | (48,812,122) | – |
| | 26.2 | 69,633,908 | – |

**26.1** It presents sub-lease of agriculture land for lease term 1 to 1.5 years. The incremental borrowing rate applied to lease receivable is 8.7%.

**26.2** The following undiscounted / discounted lease payments to be received after the reporting date are as:

| | 2021 Rupees | 2020 Rupees |
|---|---|---|
| Total undiscounted lease receivables | 72,261,312 | – |
| Unearned finance income | (2,627,404) | – |
| Discounted lease receivables | 69,633,908 | – |

**26.3** The risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks as ensuring all contracts include clauses requiring the lessee to submit security cheque during the lease term which will be refundable at the end of lease term.

## 27. BIOLOGICAL ASSETS

| | | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Standing sugarcane crop | Wheat | Rhodes grass | Mustard | Rice | Others | Total |
| | Note | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| At the beginning of the year at fair value | | 1,816,363,807 | 955,781 | – | 1,408,532 | 1,387,860 | – | 1,820,115,980 |
| Further cost charged during the year | 36.1.1.1 | 767,924,711 | 23,398,351 | 13,749,388 | 4,546,700 | 194,116 | – | 809,813,266 |
| Fair value gain on initial recognition | | | | | | | | |
| of agricultural produce | 36.1.1 | 838,458,688 | 52,309,317 | (3,277,778) | 14,170,131 | 153,620 | – | 901,813,978 |
| Decrease due to harvest | | (3,422,747,205) | (76,663,449) | (10,471,610) | (20,125,363) | (1,735,597) | – | (3,531,743,224) |
| Cost incurred on standing crops | 39.1.1 | 1,964,493,216 | 1,317,463 | 52,436 | 464,158 | – | – | 1,966,327,273 |
| Net fair value gain on biological assets | 39.1 | 368,872,933 | – | – | – | – | – | 368,872,933 |
| **At the end of the year at fair value** | | 2,333,366,150 | 1,317,463 | 52,436 | 464,158 | – | – | 2,335,200,206 |

| | | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Standing sugarcane crop | Wheat | Rhodes grass | Mustard | Rice | Others | Total |
| | Note | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| At the beginning of the year at fair value | | 2,013,074,325 | – | – | – | – | 5,878,538 | 2,018,952,863 |
| Further cost charged during the period | 36.1.1.1 | 803,432,853 | 28,718,372 | 60,805,727 | 1,313,640 | – | – | 894,270,592 |
| Fair value gain on initial recognition | | | | | | | | |
| of agricultural produce | 36.1.1 | 344,368,355 | 17,290,830 | (26,546,483) | (464,321) | – | – | 334,648,381 |
| Decrease due to harvest | | (3,161,057,406) | (47,140,910) | (34,344,586) | (2,934,334) | – | – | (3,245,477,236) |
| Cost incurred on standing crops | 39.1.1 | 1,662,962,002 | 955,781 | – | 1,408,533 | 1,387,860 | – | 1,666,714,176 |
| Transferred to capital work in progress | | – | – | – | – | – | (2,394,600) | (2,394,600) |
| Other changes | | 181,874 | 1,131,708 | 85,342 | 2,085,014 | – | (3,483,938) | – |
| Change in fair value less costs to sell | 39.1 | 153,401,804 | – | – | – | – | – | 153,401,804 |
| **At the end of the year at fair value** | | 1,816,363,807 | 955,781 | – | 1,408,532 | 1,387,860 | – | 1,820,115,980 |

### 27.1 Measurement of fair values

#### 27.1.1 Fair value hierarchy

In absence of active market for standing sugarcane crop, the fair value measurement for the standing sugarcane has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined by independent professional valuer, Medallion Services (Pvt.) Limited as at 30 September 2021 on the basis of a discounted cash flow model. The valuation model considers the present value of the net cash flows expected to be generated by the standing sugarcane at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset. The cash flow projections include specific estimates for next year which mainly include crop's expected yield and projected production costs and costs to sell. The expected cash flows are discounted using a risk adjusted discount rate. The fair value estimation of the Holding Company's biological assets was not materially impacted by the COVID-19 pandemic.

#### 27.1.2 Valuation techniques and significant unobservable inputs

The key variables, assumptions and the impact of changes in those is given below:

| | Unit | 2021 | 2020 |
|---|---|---|---|
| Valued plantations (Actual) | | | |
| - Punjab Zone | Acres | 9,615 | 10,291 |
| - Sindh Zone | Acres | 11,174 | 11,128 |
| | | | |
| Estimated production costs and costs to sell | | | |
| - Punjab Zone | Rupees | 87,842 | 62,140 |
| - Sindh Zone | Rupees | 73,013 | 64,567 |
| | | | |
| Estimated yield per acre | | | |
| - Punjab Zone | Mounds | 892 | 776 |
| - Sindh Zone | Mounds | 790 | 796 |
| | | | |
| Harvest age | Months | 12 - 14 | 12 - 14 |
| | | | |
| Estimated future sugarcane support price per maund | | | |
| - Punjab Zone | Rupees | 225 | 200 |
| - Sindh Zone | Rupees | 250 | 202 |
| | | | |
| Risk - adjusted discount rate | % per month | 0.98% | 0.91% |

Cost of biological assets other than standing sugarcane crop of Rs. 1.83 million (2020: Rs. 3.75 million) is considered to approximate their respective fair value less costs to sell as these assets are still at a very early stage of plantation and it is considered that in-significant biological transformation has taken place or the impact of fair value measurement is not significant.

**27.2 Sensitivity analysis**

Impact of changes in key subjective assumptions on fair value of biological assets is given below:

| | Increase / (Decrease) 2021 Rupees | Increase / (Decrease) 2020 Rupees |
|---|---|---|
| Decrease of 10% in estimated average yield per acre | (288,169,555) | (296,633,564) |
| Decrease of 10% in estimated further production cost | 151,464,625 | 130,203,089 |
| Decrease of 10% in estimated average selling price per maund | (384,801,240) | (311,839,470) |
| Increase of 10% in discount rate | (11,239,328) | (9,102,870) |

**27.3 Risk management strategy related to agricultural activities**

The Group is exposed to the following risks relating to its sugarcane cultivation.

**Regulatory and environmental risks**

The Group is subject to various laws and regulations in Pakistan. The Group has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

**Climate and other risks**

Due to inherent nature of the agricultural assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and

ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields.

The Group is principally dependent upon the Government's measures for flood control. The Group follows an effective preventive pesticide / insecticide / fungicide program, regularly monitors the crops for any infestations and takes immediate curative measures.

**Supply and demand risk**

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum / support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Group adversely. The Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **28. STORES, SPARE PARTS AND LOOSE TOOLS** | | | |
| Stores | | | |
| - Sugar | | 926,083,919 | 872,406,130 |
| - Co-Generation Power | | 164,542,144 | 134,897,835 |
| - Corporate Farms | | 396,847,011 | 403,217,111 |
| | | 1,487,473,074 | 1,410,521,076 |
| Spare parts | | | |
| - Sugar | | 602,693,106 | 517,937,288 |
| - Co-Generation Power | | 82,558,869 | 90,859,738 |
| | | 685,251,975 | 608,797,026 |
| Loose tools | | | |
| - Sugar | | 41,378,145 | 107,294,492 |
| - Co-Generation Power | | 9,212,073 | 31,681,576 |
| | | 50,590,218 | 138,976,068 |
| | | 2,223,315,267 | 2,158,294,170 |
| Less: Provision for obsolescence | 28.1 | (574,058,014) | (379,310,598) |
| | | 1,649,257,253 | 1,778,983,572 |

**28.1** This includes reversals of Rs. 23.39 million (2020: Rs. 22.15 million) which is included in cost of goods manufactured.

**28.2** Stores, spare parts and loose tools was pledged as security against short term borrowings (for details, refer to note 13).

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **29. STOCK-IN-TRADE** | | | |
| Sugar | 29.1 | 3,230,570,741 | 4,392,665,631 |
| Bagasse | | 251,138,904 | 316,448,358 |
| Mud | | 13,607,935 | – |
| | | 3,495,317,580 | 4,709,113,989 |

**29.1** The closing stock of sugar, net of 10% to 25% margin, having carrying value of Rs. 1,660 million (2020: Rs. 3,744 million ) has been pledged against cash finance obtained from Commercial and Islamic banks (for details, refer to note 13).

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **30. TRADE RECEIVABLES** | | | |
| Considered good | 30.1 & 30.2 | 4,496,926,781 | 8,742,611,307 |
| Considered doubtful - local | | 51,672,219 | 57,584,275 |
| | | 4,548,599,000 | 8,800,195,582 |
| Less: Impairment allowance | 30.3 | (51,672,219) | (57,584,275) |
| | | 4,496,926,781 | 8,742,611,307 |

**30.1** Thses are setoff by gross carrying amount of Rs. 1,315 million (2020: 671 million) which is in line with accounting policies of the Company as stated in note 4.18.4 to these consolidated financial statements.

**30.2** These also includes Rs. 3,185 million (2020: Rs. 7,266.54 million) receivable from CPPA-G on account of sale of electricity under Energy Purchase Agreements. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements (IAs) and interest free, however, a delayed payment mark-up charged during the year on outstanding amounts ranged from 3MK+2% to 3MK+4.5% (2020: 3MK+4.5%) per annum.

**30.2.1** The Holding Company had filed a Writ Petition No. 1298 against CPPA-G's decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices (fixed energy) of the Holding Company based on its interpretation of the Upfront Tariff for New Bagasse Based Co-Generation Power Projects dated 29 May 2013 (2013 Upfront Tariff) determined by the NEPRA as opted by and applied to the Holding Company.

On the basis of independent legal advice obtained by the Holding Company, the said deduction was in direct conflict with and in contravention of express provisions of the Policy for Development of Renewable Energy for Power Generation Employing Small Hydro, Wind, and Solar Technologies, 2006, the Framework for Power Co-generation, 2013, the 2013 Upfront Tariff, EPA and as well as the regulatory powers and functions of NEPRA under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The matter was referred to NEPRA by CPPA-G which was dismissed by NEPRA as being devoid of merit and mere a afterthought.

The petition is currently pending adjudication before the Honorable Islamabad High Court. However, Pursuant to the provisions of the EPA Amendment Agreement as mentioned in note 1.2, CPPA-G and the Holding Company shall jointly proceed to file application for disposal of pending litigation before the Court. Further, the Group has assessed that amounts aggregating Rs 3,326 million are no longer recoverable and therefore, such amounts have been written off during the year in other expenses as referred to in note 40.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **30.3** | **Movement for impairment allowance** | | | |
| | Balance at beginning of the year | | 57,584,275 | 39,203,083 |
| | Impairment allowance for the year | 40 | – | 18,381,192 |
| | Recovered during the year | | (5,912,056) | – |
| | Balance at end of the year | 30 | 51,672,219 | 57,584,275 |

## 31. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| Short term advances | 31.1 | 600,000,000 | 600,000,000 |
| Advances to suppliers and contractors | 31.2 | 185,077,548 | 444,558,852 |
| Advances to growers | 31.3 | 347,856,235 | 192,795,025 |
| Prepaid expenses | | 37,461,329 | 29,953,535 |
| Current portion of long term security deposits | 25 | 13,371,450 | – |
| Other short term security deposits | 31.4 | 44,517,500 | 24,884,105 |
| Advances to staff | 31.5 | 19,634,472 | 17,741,913 |
| Sugar export subsidy | 31.6 | – | – |
| Other receivables | 31.7 | 8,436,550 | 15,419,214 |
| | | 1,256,355,084 | 1,325,352,644 |

**31.1** The Subsidiary Company " DSML" has entered into an agreement with JK Sugar Mills (Pvt.) Ltd. to provide the short term un-secured advance up to aggregate amount to Rs. 1 billion (2020: Rs. 1 billion), for period of one year. This is receivable as and when funds were available with JK Sugar Mills (Pvt.) Ltd. or upon demand of the DSML, provided that the entire outstanding principal amount reduced to zero by the end of term. Mark up is receivable quarterly at the average borrowing rate of the DSML ranging from 8.26 % to 8.57 % (2020: 8.05 % to 14.86 % per annum).

Further, advance to JK Sugar Mills (Pvt.) Limited is secured by personal guarantee of one director of it with an amount aggregating to Rs. 1.3 billion including 25% margin on such advance.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.2** | **Advances to suppliers and contractors** | | | |
| | - Considered good | 31.2.1 | 215,748,526 | 444,558,852 |
| | - Considered doubtful | | 60,591,136 | 67,682,920 |
| | | | 276,339,662 | 512,241,772 |
| | Less: Advances for capital expenditure | | (30,670,978) | – |
| | Less: Provision for doubtful advances | 31.2.2 | (60,591,136) | (67,682,920) |
| | | | 185,077,548 | 444,558,852 |

**31.2.1** This includes Rs. 693,043 (2020: Rs. Nil ) due from Lahore Flying Club (Guarantee) Limited, an associated company as Mukhdoom Syed Ahmad Mahmud, a Non Executive Director, is also president of Lahore Flying Club (Guarantee) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 1.01 million (2020: Rs. 0.52 million). These are neither past due nor impaired.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.2.2** | **Provision for doubtful advances** | | | |
| | Balance at beginning of the year | | 67,682,920 | 46,046,824 |
| | Reversal of provision for year | | (7,091,784) | 21,636,096 |
| | Balance at end of the year | 31.2 | 60,591,136 | 67,682,920 |
| | | | | |
| **31.3** | **Advances to growers** | | | |
| | - Considered good | | 347,856,235 | 192,795,025 |
| | - Considered doubtful | | 4,937,966 | 4,937,966 |
| | | | 352,794,201 | 197,732,991 |
| | Less: Provision for doubtful advances | | (4,937,966) | (4,937,966) |
| | | 31.3.1 | 347,856,235 | 192,795,025 |

**31.3.1** This represents advances provided to various sugarcane growers in the form of cash, seed and agri-implements. These carry interest rates ranging from 12% to 17% per annum and will be adjusted in sugarcane payment in forthcoming crushing season.

**31.4** This includes Rs. 36.8 million (2020: Rs. Nil) in respect of security deposit paid to Utility Stores Corporation of Pakistan against the tender of sale of sugar.

These also includes Rs. 7.72 million (2020: Rs. 7.72 million) deposited agaisnt bank guarantee given by MCB Bank Limited on behalf of the Subsidaries Companies - SPL & GPL in favor of the Alternative Energy Development Board ("AEDB") against Letter of Interest having validity up to January 09, 2021.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.5** | **Advances to staff** | | | |
| | - against salaries | | 17,275,175 | 5,489,961 |
| | - against expenses | | 2,359,297 | 12,251,952 |
| | | 31.5.1 | 19,634,472 | 17,741,913 |

**31.5.1** These represent advances given to staff are in accordance with the Group's policy.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **31.6** | **Sugar export subsidy** | | | |
| | Considered good | | – | – |
| | Considered doubtful | | 498,493,590 | 498,333,090 |
| | | | 498,493,590 | 498,333,090 |
| | Less: Impairment allowance | | (498,493,590) | (498,333,090) |
| | | | – | – |
| **31.7** | **Other receivables** | | | |
| | Considered good | 31.7.1 | 8,436,550 | 15,419,214 |
| | Considered doubtful | | 3,596,334 | 3,596,334 |
| | | | 12,032,884 | 19,015,548 |
| | Less: Impairment allowance | | (3,596,334) | (3,596,334) |
| | | | 8,436,550 | 15,419,214 |

**31.7.1** It includes Rs. 3.406 million (2020: Rs. Nil) due from key management personnel of the Group. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 3.406 million (2020: Rs. 0.39 million). These are neither past due nor impaired.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **32. CASH AND BANK BALANCES** | | | |
| At banks: | | | |
| Current accounts | | | |
| - Balance with conventional banks | | 261,386,412 | 279,733,002 |
| - Balance with Islamic banks | | 14,494,119 | 32,131,162 |
| | | 275,880,531 | 311,864,164 |
| Saving accounts | | | |
| - Deposits with conventional banks | 32.1 | 1,952,027 | 384,683 |
| | | 277,832,558 | 312,248,847 |
| Cash in hand | | 6,108,517 | 5,755,225 |
| | | 283,941,075 | 318,004,072 |

**32.1** The deposits in saving accounts carry mark-up at rate ranging from 5.5% per annum (2020: 5.5% to 11.25% per annum).

## 33. ASSETS / (LIABILITIES) CLASSIFIED AS HELD FOR SALE

Board of Directors of the Subsidiary Company "FPML" through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. However, due to COVID-19 situation in the country this was not completed during the current year and the said arrangement was re-approved by the FPML shareholders in its EOGM held on 13 December 2021.

As at 30 September 2021, the disposal group is stated at lower of carrying value or fair value less cost to sell i.e. carrying value which comprised of the following assets and liabilities:

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **Disposal group** | | | |
| Operating fixed assets | | 70,000,000 | 70,000,000 |
| Capital work-in-progress - net | | 828,942,347 | 743,505,546 |
| Advances, deposits, prepayments and other receivables | | 9,000 | 94,687,500 |
| Cash and bank balances | 43.3 | 53,488,517 | 56,283,806 |
| **Assets held for sale** | | 952,439,864 | 964,476,852 |
| Trade and other payables | | 33,358,049 | 34,009,370 |
| Provision for tax | | 4,059,242 | 4,957,868 |
| **Liabilities held for sale** | | 37,417,291 | 38,967,238 |
| **Net assets** | | 915,022,573 | 925,509,614 |

## 34. NON - CONTROLLING INTEREST - "NCI"

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| NCI percentage | | 41.10% | 41.10% |
| Net assets | 33 | 915,022,573 | 925,509,614 |
| Net assets attributable to NCI | | 376,074,277 | 380,384,451 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **35.** | **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | | |
| | **Disaggregation of revenue based on:** | | | |
| **35.1** | **Segments** | | | |
| | **Sugar** | | | |
| | Sugar | 35.1.1 | 52,602,345,341 | 48,892,318,805 |
| | Molasses - by product | 35.1.2 | 6,297,213,958 | 4,271,772,925 |
| | Agri Inputs | | 2,226,158,961 | 1,995,460,466 |
| | Bagasse - by product | | 63,948,810 | 262,768,744 |
| | Mud - by product | | 307,621,245 | 231,491,918 |
| | | | 61,497,288,315 | 55,653,812,858 |
| | **Co-Generation Power** | 35.1.3 | 3,631,419,740 | 3,897,802,789 |
| | **Corporate Farms** | 35.1.4 | 127,047,728 | 121,130,705 |
| | | 35.4 | 65,255,755,783 | 59,672,746,352 |
| **35.1.1** | **Sugar** | | | |
| | Local | | 52,602,345,341 | 48,733,218,980 |
| | Export | | – | 159,099,825 |
| | | | 52,602,345,341 | 48,892,318,805 |
| **35.1.2** | **Molasses - by product** | | | |
| | - Sale under DTRE (Duty & Tax Remission for Exporters) | | 5,971,538,128 | 3,999,924,600 |
| | - Others | | 325,675,830 | 271,848,325 |
| | | | 6,297,213,958 | 4,271,772,925 |
| **35.1.3** | **Co-Generation Power** | | | |
| | Variable energy price | | 1,698,401,555 | 1,955,113,862 |
| | Fixed energy price | | 1,933,018,185 | 1,942,688,927 |
| | | | 3,631,419,740 | 3,897,802,789 |
| **35.1.4** | **Corporate Farms** | | | |
| | Sugarcane seed and others | | 127,047,728 | 121,130,705 |
| **35.2** | **Geographic markets** | | | |
| | Domestic (Pakistan) | | 65,255,755,783 | 59,513,646,527 |
| | Asia (Afghanistan) | | – | 159,099,825 |
| | | | 65,255,755,783 | 59,672,746,352 |
| **35.3** | **Timing of revenue recognition** | | | |
| | Products transferred at a point in time | | 61,624,336,043 | 55,774,943,563 |
| | Products transferred over time | | 3,631,419,740 | 3,897,802,789 |
| | | | 65,255,755,783 | 59,672,746,352 |

**35.4** Revenue from contracts with customers included Rs. 4,510 million (2020: Rs. 9,532.6 million) that was included in contract liabilities at the beginning of the year.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **36. COST OF REVENUE** | | | |
| Opening stock-in-trade | | 4,709,113,989 | 12,119,181,293 |
| Add: Cost of goods manufactured | 36.1 | 52,484,496,385 | 43,483,543,032 |
| Add: Freight and other costs related to contracts | | 31,670,765 | 22,030,185 |
| | | 57,225,281,139 | 55,624,754,510 |
| Less: Closing stock | | | |
| - Sugar | | (3,230,570,741) | (4,392,665,631) |
| - Bagasse | | (251,138,904) | (316,448,358) |
| - Mud | | (13,607,935) | – |
| | 29 | (3,495,317,580) | (4,709,113,989) |
| | | 53,729,963,559 | 50,915,640,521 |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **36.1 Cost of goods manufactured** | | | |
| Cost of crops consumed | | | |
| (including procurement and other costs) | 36.1.1 | 43,914,952,080 | 35,006,073,420 |
| Salaries, wages and other benefits | 36.1.2 | 2,857,829,098 | 2,938,827,263 |
| Cost of agri inputs | | 1,926,737,652 | 1,661,026,049 |
| Depreciation of operating fixed assets | 20.1.11 | 1,135,761,773 | 1,249,318,014 |
| Stores and spare parts consumed | | 450,559,018 | 522,201,542 |
| Packing materials consumed | | 357,809,681 | 361,398,946 |
| Sugarcane roots written off | 20.1.13 | 313,653,357 | 214,249,480 |
| Chemicals consumed | | 277,641,259 | 279,061,808 |
| Operation and maintenance costs | 36.1.3 | 212,629,695 | 241,361,659 |
| Provision for obsolescence | | 194,747,416 | 138,818,092 |
| Cost of bagasse consumed | | 176,464,222 | 171,960,539 |
| Vehicle running expenses | | 131,514,972 | 124,620,002 |
| Electricity and power | | 102,660,104 | 133,604,342 |
| Insurance | | 94,446,002 | 92,027,265 |
| Oil, lubricants and fuel consumed | | 71,908,353 | 62,375,682 |
| Depreciation of right-of-use assets | 21.2 | 64,910,671 | 48,475,778 |
| Assets written off | 20.1.13 | 49,458,922 | 925,819 |
| Mud and bagasse shifting expenses | | 34,787,327 | 37,742,296 |
| Handling and storage | | 25,207,769 | 31,907,123 |
| Impairment of operating fixed assets | 20.1.12 | 19,407,740 | – |
| Repairs and maintenance | | 18,327,067 | 33,976,434 |
| Printing and stationery | | 10,440,670 | 11,342,320 |
| Freight and octroi | | 7,164,551 | 9,135,424 |
| Telephone and fax | | 6,955,187 | 7,837,837 |
| Initial land preparation | | 3,838,072 | 3,364,520 |
| Bad debt written off | | 3,572,212 | – |
| Travelling and conveyance | | 2,027,500 | 1,742,163 |
| Other expenses | | 19,084,015 | 100,169,215 |
| | | 52,484,496,385 | 43,483,543,032 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **36.1.1** | **Cost of crops consumed** | | | |
| | Sugarcane purchased | | 40,288,107,825 | 31,455,702,479 |
| | | | | |
| | **Cost of harvested crops** | | | |
| | Fair value of standing crops transferred to profit or loss | 39.1 | 1,820,115,980 | 2,018,952,863 |
| | Fair value gain on initial recognition of agricultural produce | 27 & 39 | 901,813,978 | 334,648,381 |
| | Further cost charged | 36.1.1.1 | 1,193,070,739 | 1,327,985,082 |
| | | | 3,915,000,697 | 3,681,586,326 |
| | Less: transferred to capital work in progress | | (288,156,442) | (131,215,385) |
| | | | 43,914,952,080 | 35,006,073,420 |
| | | | | |
| **36.1.1.1** | **Further cost charged** | | | |
| | Salaries, wages and other benefits | 36.1.1.1.1 | 237,182,249 | 244,618,470 |
| | Fuel expenses | | 111,970,191 | 151,333,132 |
| | Repairs and maintenance | | 157,841,223 | 140,644,329 |
| | Harvesting expense | | 122,225,319 | 114,362,792 |
| | Irrigation expenses | | 49,722,830 | 72,280,748 |
| | Depreciation of operating fixed assets | 20.1.11 | 52,294,203 | 69,732,241 |
| | Fertilizer expenses | | 13,979,775 | 28,249,169 |
| | Vehicle running expenses | | 19,406,409 | 21,476,358 |
| | Bio-laboratory expenses | | 15,736,599 | 15,254,699 |
| | Pesticide and herbicide expenses | | 5,231,731 | 8,323,356 |
| | Depreciation of right-of-use assets | 21.2 | 2,959,135 | 5,662,148 |
| | Seed expenses | | 3,798,038 | 4,034,242 |
| | Insurance | | 3,806,408 | 3,007,035 |
| | Others | | 13,659,156 | 15,291,873 |
| | Cost charged to biological assets | 27 | 809,813,266 | 894,270,592 |
| | | | | |
| | Transportation expenses | | 375,073,455 | 426,032,883 |
| | Road cess | | 8,184,018 | 7,681,607 |
| | | | 383,257,473 | 433,714,490 |
| | | 36.1.1 | 1,193,070,739 | 1,327,985,082 |

**36.1.1.1.1** Salaries, wages and other benefits include Rs. 5.87 million (2020: Rs. 5.8 million) in respect of contribution towards provident fund.

**36.1.2** Salaries, wages and other benefits includes contribution to provident fund of Rs. 74.19 million (2020: Rs. 67.78 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 35.89 million (2020: Rs. 20.42 million).

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **36.1.3** | **Operation and maintenance costs** | | |
| | Reimbursable cost | 180,229,695 | 197,212,159 |
| | Operating fee | 32,400,000 | 44,149,500 |
| | | 212,629,695 | 241,361,659 |

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **37. ADMINISTRATIVE EXPENSES** | | | |
| Salaries, wages and other benefits | 37.1 | 2,009,679,248 | 1,409,225,436 |
| Legal and professional services | | 126,521,891 | 93,366,062 |
| Depreciation of operating fixed assets | 20.1.11 | 97,090,586 | 46,273,670 |
| Charity and donations | 37.2 | 81,850,000 | 98,600,000 |
| Vehicle running and maintenance | | 47,701,853 | 34,124,713 |
| Depreciation of right-of-use assets | 21.2 | 39,509,552 | 38,847,070 |
| Repairs and maintenance | | 35,955,767 | 46,381,712 |
| Insurance | | 23,924,678 | 19,899,503 |
| Travelling and conveyance | | 22,119,772 | 36,770,854 |
| Subscription and renewals | | 17,543,606 | 19,141,203 |
| Fee and taxes | | 15,385,311 | 15,388,579 |
| Printing and stationery | | 13,335,139 | 12,089,263 |
| Telephone, fax and postage | | 11,720,237 | 10,092,436 |
| Electricity and power | | 10,355,024 | 9,674,593 |
| Entertainment | | 8,698,752 | 6,739,409 |
| Auditors' remuneration | 37.3 | 7,122,250 | 6,897,700 |
| Office rent and renovation | | 4,072,281 | 5,289,150 |
| Amortization of intangible asset | 23.2 | 2,048,357 | 2,052,607 |
| Advertisement | | 242,350 | 538,720 |
| Newspapers, books and periodicals | | 324,690 | 273,617 |
| Other expenses | | 14,570,881 | 13,805,042 |
| | | 2,589,772,225 | 1,925,471,339 |

**37.1** Salaries, wages and other benefits includes contribution to provident fund of Rs. 36.35 million (2020: Rs. 29.78 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 15.38 million (2020: Rs. 8.75 million).

| | Note | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|---|
| **37.2 Donations for the year have been given to:** | | | |
| - Tareen Education Foundation | | 61,250,000 | 56,500,000 |
| - Lodhran Pilot Project | | 10,500,000 | 37,000,000 |
| - Medi Bank trust | | 3,200,000 | – |
| - Lahore Race Club | | 2,000,000 | – |
| - Special Education and Training Centre | | 1,000,000 | 2,000,000 |
| - Professional Education Foundation | | 1,000,000 | – |
| - National Society for M.E.H Children | | 1,000,000 | – |
| - Others | 37.2.1 | 1,900,000 | 3,100,000 |
| | | 81,850,000 | 98,600,000 |

None of the Directors of the Group or their spouses have any interest as Director in any of the recipients of donations made by the Group during the year except Mukhdoom Syed Ahmad Mahmud, a Non-Executive Director, also chairman of Lahore Race Club.

**37.2.1** Others' include donations paid to various institutions or individual. The aggregate amount paid to a single institution / individual is less than Rs. 1 million.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **37.3** | **Auditors' remuneration** | | | |
| | **Riaz Ahmad Saqib Gohar & Co.** | | | |
| | **Auditors's of JDWSML, DSML, SPL & GPL** | | | |
| | Statutory audit | | 4,850,000 | 4,525,000 |
| | Half yearly review | | 630,000 | 600,000 |
| | Out of pocket expenses | | 95,000 | 85,000 |
| | Certifications for regulatory purposes | | 169,500 | 555,600 |
| | Tax advisory services | | 1,030,250 | 799,600 |
| | Others | 37.3.1 | 347,500 | 332,500 |
| | | | 7,122,250 | 6,897,700 |
| | **Rizwan & Co. / A.F. Ferguson & Co.** | | | |
| | **Auditors's of FPML** | | | |
| | Statutory audit | | 500,000 | 500,000 |
| | Out of pocket expenses | | 25,000 | 25,000 |
| | | | 525,000 | 525,000 |
| | Less: Classified under discontinued operations | 43 | (525,000) | (525,000) |
| | | | 7,122,250 | 6,897,700 |

**37.3.1** It includes audit fee for Rs. 0.135 million (2020: Rs. 0.105 million) paid for Employees' Provident Fund and Workers' Profit Participation Fund's audit of the DSML.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **38. SELLING EXPENSES** | | | |
| Salaries, wages and other benefits | 38.1 | 44,733,597 | 42,853,074 |
| Other selling / promotion expenses | | 100,305,152 | 23,213,144 |
| | | 145,038,749 | 66,066,218 |

**38.1** Salaries, wages and other benefits includes Rs. 0.77 million (2020: Rs. 0.69 million) in respect of contribution towards provident fund.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **39. OTHER INCOME** | | | |
| **Income from financial assets** | | | |
| Mark-up on advances to JK Sugar Mills (Pvt.) Ltd. | 31.1 | 48,293,267 | 77,026,568 |
| Mark-up on delayed payment from CPPA-G | 30.2 | 593,538,079 | 58,219,947 |
| Income from subleasing of right-of-use assets | 26 | 5,523,671 | – |
| Gain on acknowledged receipts | | 4,214,996 | – |
| Interest income on bank deposits | | 538,526 | 520,696 |
| | | 652,108,539 | 135,767,211 |
| **Income from non-financial assets** | | | |
| Fair value gain on initial recognition of agricultural produce | 36.1.1 | 901,813,978 | 334,648,381 |
| Net fair value gain on biological assets | 39.1 | 368,872,933 | 153,401,804 |
| Sale of scrap | | 91,132,299 | 70,215,695 |
| Liabilities no longer payable written back | | 54,480,324 | – |
| Gain on derecognition of the right of-use assets | | 53,298,299 | – |
| Gain on disposal of operating fixed assets | 20.1.12 & 45 | 36,451,248 | 23,437,763 |
| Penalty for not honoring of contract | | 27,108,000 | – |
| Rental income from investment property | | 11,250,495 | 11,521,504 |
| Mark-up on advances to growers | 31.3.1 | 9,294,864 | 4,289,825 |
| Insurance claim receivable | | 5,000,000 | – |
| Others | | 7,326,798 | 3,638,114 |
| | | 1,566,029,238 | 601,153,086 |
| | | 2,218,137,777 | 736,920,297 |

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **39.1 Net fair value gain on biological assets** | | | |
| Fair value of standing crops | | 2,335,200,206 | 1,820,115,980 |
| Cost incurred on standing crops | 27 & 39.1.1 | (1,966,327,273) | (1,666,714,176) |
| | | 368,872,933 | 153,401,804 |
| **39.1.1 Cost incurred on standing crops** | | | |
| Depreciation of right-of-use assets | 21.2 | 469,036,298 | 396,768,193 |
| Fertilizer expenses | | 280,665,246 | 260,896,659 |
| Irrigation expenses | | 336,681,946 | 228,844,166 |
| Salaries, wages and other benefits | 39.1.1.1 | 228,207,229 | 193,601,575 |
| Pesticide and herbicide expenses | | 167,674,678 | 187,677,846 |
| Depreciation of operating fixed assets | 20.1.11 | 260,829,978 | 187,561,331 |
| Repairs and maintenance | | 101,930,467 | 95,255,310 |
| Fuel expenses | | 73,768,845 | 74,229,395 |
| Vehicle running expenses | | 19,811,521 | 14,347,492 |
| Bio-laboratory expenses | | 16,612,544 | 13,773,339 |
| Insurance | | 3,217,403 | 2,140,445 |
| Others | | 7,891,118 | 11,618,425 |
| | 27 | 1,966,327,273 | 1,666,714,176 |

**39.1.1.1** Salaries, wages and other benefits include Rs. 6.48 million (2020: Rs. 5.7 million) in respect of contribution towards provident fund.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **40.** | **OTHER EXPENSES** | | | |
| | Fixed energy receivables written off | 30.2.1 | 3,325,977,231 | – |
| | Worker's Profit Participation Fund | 15.3 | 256,254,006 | 153,367,056 |
| | Charge for delayed payment of sugarcane | 40.1 | 105,032,575 | – |
| | Workers' Welfare Fund | 15.4 | 23,576,974 | 58,279,481 |
| | Advances and other receivables written off | | 10,792,457 | – |
| | Trade receivables written off | | 1,969,757 | 1,192,197 |
| | Provision for doubtful advances | | – | 21,651,571 |
| | Impairment allowance against trade / other receivables | 30.3 | – | 18,381,192 |
| | Foreign exchange loss | | – | 8,839,481 |
| | Impairment allowance against sugar export subsidy | | – | 454,533,090 |
| | Others | | 2,625,216 | – |
| | | | 3,726,228,216 | 716,244,068 |

**40.1** It represents late payment charges made to sugarcane growers from financial year 2019 to 2021 in accordance with the Punjab Sugar Factories Control Rules, 1950.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **41.** | **FINANCE COST** | | | |
| | Mark-up based loans from conventional banks / financial institutions | | | |
| | - Short term borrowings - secured | | 550,267,008 | 1,480,000,246 |
| | - Long term finances - secured | | 1,197,322,622 | 1,242,266,103 |
| | - Interest expense for leasing arrangements | 9 | 178,103,402 | 190,947,774 |
| | | | 1,925,693,032 | 2,913,214,123 |
| | Islamic mode of financing | | | |
| | - Short term borrowings - secured | | 395,589,554 | 637,264,635 |
| | - Long term finances - secured | | 136,898,707 | 316,485,114 |
| | | | 532,488,261 | 953,749,749 |
| | Markup based borrowing from financial institution | | 128,478 | – |
| | Workers' Profit Participation Fund | 15.3 | 7,289,820 | 5,458,531 |
| | Markup on short term advance from provident fund | | 1,927,704 | 16,043,425 |
| | Amortization of transaction cost | 8 | 8,243,549 | 5,849,531 |
| | Bank charges and commission | | 98,638,417 | 50,780,731 |
| | | | 116,227,968 | 78,132,218 |
| | Less: Amortization of deferred Government grant | 12 | (52,263,447) | (13,583,261) |
| | | | 2,522,145,814 | 3,931,512,829 |

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **42.** | **TAXATION** | | | |
| | Income tax | | 995,998,133 | 878,768,464 |
| | Change in estimate related to prior years | 42.1 | 77,555,715 | – |
| | | | 1,073,553,848 | 878,768,464 |
| | Deferred tax | 10.3 | (934,442,658) | 411,643,952 |
| | Agriculture tax | | 2,813,774 | 5,907,647 |
| | | | 141,924,964 | 1,296,320,063 |

**42.1** It includes adjustments related to tax credit u/s 65B of the Income Tax Ordinance, 2001 for an amount of Rs. 34.12 million and Rs. 35.1 million for tax year 2015 and 2016 which was disallowed by the Additional Commissioner Inland Revenue and CIR (A) respectively. The Holding Company has filed an appeal which is pending before ATIR.

**42.2 Relationship between tax expense and accounting profit before tax**

The provision for taxation related to current and preceding financial year mainly represents the Alternative Corporate Tax (ACT) / Minimum Tax and final tax liabilities under section 113C / 113 and 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation for current and preceding financial year has not been prepared and presented.

**42.3** The two new high-pressure Co-Generation Power plants had been set up by the Holding Company under the Federal Government's Framework for Power Co-Generation 2013 read with the Policy for Development of Renewable Energy for Power Generation, 2006.

As per the aforementioned policies, the Holding Company's sale of electricity from the power plants to Central Power Purchasing Agency (Guarantee) Limited is exempt from income tax including turnover tax and withholding tax on imports, and for this purpose, the new power generation units of the Holding Company shall be treated as separate entities.

In prior years, the Holding Company was seeking clarification on whether existing notified exemptions for other power projects shall also apply to the Holding Company's power projects or new exemptions shall be notified. In the meantime, the financial of the Holding Company for year ended 30 September 2020 including the power projects were being prepared under normal taxation regime. However, during the year, the Finance Act 2021 has exempted the profits and gains derived by the Holding Company from a bagasse based cogeneration power project having one or more boilers of not less than 60 bar (kg/CM3) pressure each, commissioned after the first day of January 2013 (for details, refer to note 4.10.1).

**42.4** For tax contingencies, refer to note 19.1 to 19.18

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **43.** | **(LOSS) / PROFIT FROM DISCONTINUED OPERATIONS** | | | |
| **43.1** | **Results of discontinued operations** | | | |
| | Revenue | | 3,490,699 | 13,188,668 |
| | Expense | 43.1.1 | (13,977,740) | (3,110,269) |
| | **Results from operating activities** | | (10,487,041) | 10,078,399 |
| | Taxation | | – | (243,558) |
| | Results from operating activities, net of tax | | (10,487,041) | 9,834,841 |

**43.1.1** It includes statuary audit fee including out of pocket expense of Rs. 0.525 million (2020: Rs. 0.525 million).

**43.1.2** Due to accounting loss for the year and tax losses available for carry forward, no tax provision has been made for the purpose of current tax. Moreover, the FPML has not recognised deferred tax asset including deferred tax asset on minimum tax on prudence principle as the FPML does not expect to utilise this asset before it lapses.

| | | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| 43.2 | **Allocation of profit between owners of the Holding Company and NCI** | | | |
| | Profit from discontinued operations | | (10,487,041) | 9,834,841 |
| | | | | |
| | - Owners of the Holding Company | | (6,176,867) | 5,792,721 |
| | - Non - controlling interest | | (4,310,174) | 4,042,120 |
| | | | (10,487,041) | 9,834,841 |
| | | | | |
| 43.3 | **Cash flows from discontinued operations** | | | |
| | Cash and cash equivalents at beginning of the year | | 56,283,806 | 41,012,301 |
| | Net cash used in operating activates | | (2,801,289) | (2,230,719) |
| | Net cash from investing activities | | 6,000 | 17,502,224 |
| | Net cash flows for the year | | (2,795,289) | 15,271,505 |
| | Cash and cash equivalents at end of the year | 33 | 53,488,517 | 56,283,806 |

| | | 2021 Tonnes | 2020 Tonnes |
|---|---|---|---|
| 43.4 | **Capacity and production - Air dry metric tons** | | |
| | Capacity | 47,600 | 47,600 |
| | Actual production | – | – |

**43.4.1** The FPML has not commenced its commercial operations yet.

## 44. EARNINGS PER SHARE - BASIC AND DILUTED

| | | 2021 | 2020 |
|---|---|---|---|
| **Profit from continuing operations** | **Rupees** | 4,618,820,057 | 1,558,409,111 |
| Weighted average number of ordinary shares | **Numbers** | 59,776,661 | 59,776,661 |
| Basic earnings per share | **Rupees** | 77.27 | 26.07 |
| | | | |
| **(Loss) / profit from discontinued operations** | **Rupees** | (6,176,867) | 5,792,721 |
| Weighted average number of ordinary shares | **Numbers** | 59,776,661 | 59,776,661 |
| Basic earnings per share | **Rupees** | (0.10) | 0.10 |

There is no dilutive effect on the basic earnings per share.

| | Note | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **45. CASH GENERATED FROM OPERATIONS** | | | |
| **Profit before taxation** | | 4,760,744,997 | 2,854,729,174 |
| Adjustments for non-cash income and expenses: | | | |
| Fixed energy receivables written off | 40 | 3,325,977,231 | – |
| Finance cost | | 2,513,822,163 | 3,931,512,829 |
| Depreciation and impairment of operating fixed assets | | 1,888,883,834 | 1,567,606,006 |
| Depreciation of right-of-use assets | 21 | 107,379,358 | 92,984,996 |
| Assets written off | 36.1 | 363,112,279 | 215,175,299 |
| Workers' Profit Participation Fund | 15.3 | 256,254,006 | 153,367,056 |
| Provision for obsolescence | | 194,747,416 | 138,818,092 |
| Staff retirement benefits | | 175,352,377 | 140,487,678 |
| Workers' Welfare Fund | 15.4 | 23,576,974 | 58,279,481 |
| Advances and other receivables written off | | 16,334,426 | – |
| Amortization of transaction cost | 8 | 8,243,549 | 5,849,531 |
| Amortization of intangibles | 23.2 | 2,048,357 | 2,052,607 |
| Fair value gain on initial recognition of | | | |
| agricultural produce | 39 | (901,813,978) | (334,648,381) |
| Interest income | | (661,005,536) | (140,057,036) |
| Fair value gain on biological assets | 39.1 | (368,872,933) | (153,401,804) |
| Gain on derecognition of the right of-use assets | | (53,298,299) | – |
| Liabilities no longer payable written back | | (43,297,402) | – |
| Gain on disposal of operating fixed assets | 39 | (36,451,248) | (23,437,763) |
| Impairment allowance against sugar export subsidy | | – | 454,533,090 |
| Provision for doubtful trade receivables / advances | | – | 40,032,763 |
| Foreign exchange loss | 40 | – | 8,839,481 |
| Share of loss of associate | | – | 2,500 |
| | | 6,810,992,574 | 6,157,996,425 |
| | | 1,157,737,571 | 9,012,725,599 |
| **Working capital changes:** | | | |
| Trade receivables | | 1,335,852,746 | (360,782,982) |
| Stores, spare parts and loose tools | | (65,021,096) | (272,723,575) |
| Biological assets | | 901,139,429 | 1,068,934,511 |
| Lease receivable | | 43,288,451 | – |
| Advances, deposits, prepayments and other receivables | | 48,867,979 | (157,371,930) |
| Stock-in-trade | | 1,213,796,408 | 7,410,067,304 |
| Trade and other payables | | (473,043,261) | (343,233,240) |
| Advances from customers | | (3,106,367,521) | (5,314,004,585) |
| | | (101,486,865) | 2,030,885,503 |
| **Cash generated from operations** | | 11,470,250,706 | 11,043,611,102 |

## 46. BUSINESS SEGMENT INFORMATION

**46.1** The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. In addition to actual expenses incurred in operating segments, un-allocated expenses have been allocated to operating segments on net sales proportionate basis in the current year. The following summary describes the operations in each of the Group's reportable segments that is submitted to chief operating decision maker:

| Reportable Segment | Operations |
|---|---|
| **Sugar** | Production and sale of crystalline sugar and other related joint and by-products. |
| **Co-Generation Power** | Generation and sale of electricity to CPPA-G |
| **Corporate Farms** | Managing corporate farms for cultivation of sugarcane and the small quantity of other crops. |
| **Others** | Project under construction for manufacture / generation and sale of wood pulp and electricity. However, operation of paper pulp classified as disposal group (for detail, refer to note 33). |

## 46.2 Information regarding the Group's reportable segments from continuing operations are presented below:

| | Sugar | | Co-Generation segment | | Corporate Farms segment | | Others | | Inter segment reconciliation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees |
| **46.2.1 Segment revenues & results** | | | | | | | | | | | | |
| Net external revenues | 61,497,288,315 | 55,653,812,858 | 3,631,419,740 | 3,897,802,789 | 127,047,728 | 121,130,705 | - | - | - | - | 65,255,755,783 | 59,672,746,352 |
| Inter - segment revenues | 2,336,818,247 | 2,007,781,208 | 1,203,566,631 | 1,097,371,715 | 3,499,796,528 | 3,429,240,236 | - | - | (7,040,181,406) | (6,534,393,159) | - | - |
| Reportable segment revenue | 63,834,106,562 | 57,661,594,066 | 4,834,986,371 | 4,995,174,504 | 3,626,844,256 | 3,550,370,941 | - | - | (7,040,181,406) | (6,534,393,159) | 65,255,755,783 | 59,672,746,352 |
| Depreciation | 1,113,734,362 | 1,123,733,016 | 241,004,034 | 257,337,157 | 641,524,796 | 661,568,272 | - | - | | | 1,996,263,192 | 2,042,638,445 |
| Interest income | 48,831,793 | 77,547,264 | 597,753,075 | 58,219,947 | 5,523,671 | - | - | - | | | 652,108,539 | 135,767,211 |
| Finance cost | 2,275,158,923 | 2,832,800,753 | 78,936,381 | 740,702,939 | 167,970,406 | 357,922,445 | 80,102 | 86,692 | | | 2,522,145,812 | 3,931,512,829 |
| Segment profit / (loss) before tax | 5,257,433,160 | 1,571,532,940 | (1,295,041,286) | 1,384,717,081 | 799,164,894 | (100,555,453) | (811,771) | (965,394) | | | 4,760,744,997 | 2,854,729,174 |

### 46.2.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

### 46.2.3 Basis of inter-segment pricing

Inter-segment pricing is determined on an arm's length basis.

### 46.2.4 Segment assets & liabilities of continuing operations

| | Sugar | | Co-Generation segment | | Corporate Farms segment | | Others | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | | | 2021 Rupees | 2020 Rupees |
| Total assets for reportable segment | 26,651,090,129 | 28,755,744,020 | 7,529,223,633 | 11,951,234,830 | 5,934,479,447 | 4,929,499,581 | 9,225,243 | 9,490,623 | | | 40,124,018,452 | 45,645,969,054 |
| Total liabilities for reportable segment | 22,851,369,934 | 32,909,785,594 | 76,180,736 | 564,319,422 | 1,765,351,854 | 1,355,963,721 | 78,592 | 292,202 | | | 24,692,981,116 | 34,830,360,939 |
| Capital expenditure | 188,536,248 | 828,622,251 | 863,132 | 2,584,673 | 533,985,875 | 308,374,529 | - | - | | | 723,385,255 | 1,139,581,453 |

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **46.3** | **Reconciliation of reportable segment profit or loss** | | |
| | Total profit before tax for reportable segments | 4,760,744,997 | 2,854,729,174 |
| | Un-allocated corporate (expenses) / income | (141,924,964) | (1,296,320,063) |
| | Consolidated profit after tax from continuing operations | 4,618,820,033 | 1,558,409,111 |

**46.4 Geographical information**

The segments of the Group are managed on nationwide basis except export sale. Geographical information relating to segment is presented below:

| | | 2021 Rupees | 2020 Rupees |
|---|---|---|---|
| **46.4.1** | **Revenue** | | |
| | **Foreign revenue** | | |
| | Asia (Afghanistan) | – | 159,099,825 |
| | **Local revenue** | | |
| | Domestic (Pakistan) | 65,255,755,783 | 59,513,646,527 |
| | | 65,255,755,783 | 59,672,746,352 |

**46.4.2 Non-current assets**

All non-current assets of the Group as at 30 September 2021 are located in Pakistan.

**46.4.3 Un-allocated liabilities**

Un-allocated liabilities include deferred liabilities and unclaimed dividend.

**46.4.4 Un-allocated assets**

Un-allocated assets include cash and bank balances.

**46.5 Revenue from major customer**

The Group's revenue is earned from a large mix of customers.

## 47. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for the year regarding remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group is as follows:

| | Directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive | | Executive | | Non - Executives | | Executives | |
| | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees |
| Managerial remuneration | 48,500,000 | 269,231,112 | 355,200,000 | 1,600,000 | 117,333,333 | 83,800,000 | 525,538,204 | 441,443,095 |
| House allowance | 19,400,000 | 107,692,445 | 142,080,000 | 640,000 | 46,933,333 | 33,520,000 | 210,215,282 | 176,577,239 |
| Utilities | 4,850,000 | 26,923,111 | 35,520,000 | 160,000 | 11,733,333 | 8,380,000 | 52,553,821 | 44,144,309 |
| Bonus | - | 100,000,000 | 200,000,004 | - | 62,399,998 | 40,000,000 | 643,972,061 | 702,598,317 |
| Group's contribution towards provident fund | - | - | - | | - | - | 49,373,877 | 41,430,938 |
| Staff retirement benefit- gratuity | - | - | - | - | - | - | 4,250,304 | 3,176,704 |
| | 72,750,000 | 503,846,668 | 732,800,004 | 2,400,000 | 238,399,997 | 165,700,000 | 1,485,903,549 | 1,409,370,602 |
| Number of persons | 1 | 1 | 1 | 1 | 2 | 2 | 120 | 83 |

**47.1** In addition to the above, Chief Executive, Directors and some of the Executives are provided with free use of Group maintained cars and certain other benefits.

**47.2** Meeting fee was paid to one Independent Director of the Group during the year amounting to Rs. nil (2020: Rs. 200,000).

**47.3** Mr. Jahangir Khan Tareen, an Executive Director, (2020: Chief Executive Officer) and family owned business concerns are permitted to use the Holding Company maintained aircraft for private trips, subject to availability, for which the proportionate share of operating expenses is reimbursed to the Holding Company. During the year, Rs. 61.715 million (2020: Rs. 51.66 million) was charged for the use of aircraft.

## 48. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 48.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**48.1.1 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties are regularly monitored and assessed.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date is:

| | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|
| **Financial assets at amortized cost** | | |
| Long term deposits | 95,250,741 | 57,180,542 |
| Trade receivables | 3,564,415,039 | 7,399,193,198 |
| Lease receivable | 69,633,908 | – |
| Advances, deposits and other receivables | 683,600,675 | 45,793,280 |
| Bank balances | 277,832,558 | 312,248,847 |
| | 4,690,732,921 | 7,814,415,867 |

**Concentration of credit risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. However, the Group identifies concentration of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

| | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|
| Customers: | | |
| - Sugar | 379,208,859 | 132,652,555 |
| - Co-Generation Power | 3,185,206,180 | 7,266,540,643 |
| Banking companies | 277,832,558 | 312,248,847 |
| Others | 848,485,324 | 102,973,822 |
| | 4,690,732,921 | 7,814,415,867 |

**Credit quality and impairment**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

**Trade receivables - considered good**

Majority of the Group's revenue are on advance basis and trade receivables mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited, a Government owned entity and are secured by guarantee from GoP under the Implementation Agreements. Hence, the management believes that no impairment allowance is necessary in respect of these receivables (for details, refer to note 30.2).

The aging of trade receivables at the reporting date is:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Gross carrying amount | Accumulated impairment | Gross carrying amount | Accumulated impairment |
| | Rupees | Rupees | Rupees | Rupees |
| Not past due | 1,043,985,164 | – | 1,011,641,474 | – |
| Past due | | | | |
| 1 - 365 days | 2,572,102,094 | – | 2,821,863,608 | – |
| 366 - above days | – | 51,672,219 | 3,623,272,391 | 57,584,275 |
| | 3,616,087,258 | 51,672,219 | 7,456,777,473 | 57,584,275 |

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts / receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Therefore, the Group has no material expected credit loss under IFRS 9 'Financial Instruments' and incurred loss under IAS 39 'Financial Instrument Recognition and Measurement' at the year end.

The above gross carrying amount includes Rs. 3,185 million (2020: Rs. 7,278 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy. Further, the significant amounts of other receivables are also recoverable from CPPA-G and are secured under IAs.

Based on past experience, the management believes that no impairment allowance is necessary in respect of receivables other than CPPA-G as there are reasonable grounds to believe that they will be recovered.

**Bank balances**

Impairment on bank balances has been measured on a 12 months expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The credit quality of the Group's bank balances can be assessed with reference to external credit rating agencies as follows:

| Banks | Rating Long term | Rating Short term | Rating Agency | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|---|
| **Conventional** | | | | | |
| The Bank of Punjab | AA+ | A1+ | PACRA | 143,415,219 | 14,117,051 |
| MCB Bank Limited | AAA | A1+ | PACRA | 73,281,910 | 121,605,376 |
| National Bank of Pakistan | AAA | A1+ | PACRA | 30,374,390 | 103,528,492 |
| Habib Bank Limited | AAA | A1+ | JCR-VIS | 10,183,602 | 6,946,696 |
| United Bank Limited | AAA | A1+ | JCR-VIS | 2,770,575 | 5,986,622 |
| Habib Metropolitan Bank Limited | AA+ | A1+ | PACRA | 1,360,588 | 1,410,588 |
| Soneri Bank Limited | AA- | A1+ | PACRA | 796,276 | 99,815 |
| Sindh Bank Limited | A+ | A1 | JCR-VIS | 559,788 | 41,850 |
| Faysal Bank Limited | AA | A1+ | PACRA | 170,837 | 6,869,260 |
| The Bank of Khyber | A | A1 | PACRA | 115,031 | 59,402 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 94,321 | 1,686,281 |
| Allied Bank Limited | AAA | A1+ | PACRA | 71,678 | 17,485,706 |
| JS Bank Limited | AA- | A1+ | PACRA | 49,400 | 37,508 |
| Summit Bank Limited | A- | A-1 | JCR-VIS | 42,811 | 59,830 |
| Silk Bank Limited | A- | A2 | JCR-VIS | 20,448 | 20,448 |
| Askari Bank Limited | AA+ | A1+ | PACRA | 11,724 | 84,137 |
| The First Microfinance Bank Limited | A+ | A1 | JCR-VIS | 10,000 | 17,438 |
| Bank Al Habib Limited | AAA | A1+ | PACRA | 9,842 | 8,933 |
| Tameer Bank Limited | A+ | A1 | PACRA | – | 38,012 |
| MCB Bank | | | | | |
| (Formally NIB Bank Limited) | AAA | A1+ | PACRA | – | 14,240 |
| | | | | 263,338,439 | 280,117,685 |
| **Islamic** | | | | | |
| Meezan Bank Limited | AAA | A1+ | JCR-VIS | 11,531,210 | 20,941,347 |
| Bank Islamic (Pakistan) Limited | A+ | A1 | PACRA | 1,091,812 | 156,018 |
| MCB Islamic Bank Limited | A | A1 | PACRA | 716,275 | 471,068 |
| National Bank of Pakistan | AAA | A1+ | PACRA | 183,054 | 923,680 |
| Albaraka Bank (Pakistan) Limited | A | A1 | PACRA | 159,588 | 251,424 |
| Askari Bank Limited | AA+ | A1+ | PACRA | 93,174 | 8,256,545 |
| Al Baraka Bank (Pakistan) Limited | | | | | |
| (Formally Burj Bank Limited) | A | A1 | PACRA | 20,016 | 740,645 |
| Faysal Bank Limited | AA | A1+ | PACRA | 8,433 | 13,148 |
| Dubai Islamic Bank (Pakistan) Limited | AA | A1+ | JCR-VIS | 8,337 | 377,287 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 682,220 | – |
| | | | | 14,494,119 | 32,131,162 |
| | | | | 277,832,558 | 312,248,847 |

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

### 48.1.2 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Group has sufficient running finance facilities available from various commercial and Islamic banks to meet its liquidity requirements. Further, liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board of Directors.

**Exposure to liquidity risk**

Contractual maturities of financial liabilities, including estimated interest payments.

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | One to five years | More than five years |
| | | | Rupees | | |
| **Non-derivative financial liabilities** | | | | | |
| Long term finances - secured | 14,842,659,788 | 17,834,744,985 | 5,306,796,040 | 11,746,388,945 | 781,560,000 |
| Short term borrowings - secured | 3,433,591,564 | 4,965,152,286 | 4,965,152,286 | – | – |
| Lease liabilities | 2,104,109,093 | 2,188,782,772 | 819,124,947 | 1,369,657,825 | – |
| Accrued profit / interest / mark-up | 308,968,644 | 308,968,644 | 308,968,644 | – | – |
| Trade and other payables | 1,642,006,734 | 1,642,006,734 | 1,642,006,734 | – | – |
| Unclaimed dividend | 33,748,830 | 33,748,830 | 33,748,830 | – | – |
| | 22,365,084,653 | 26,973,404,251 | 13,075,797,481 | 13,116,046,770 | 781,560,000 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | One to five years | More than five years |
| | | | Rupees | | |
| **Noon-derivative financial liabilities** | | | | | |
| Long term finances - secured | 16,732,360,207 | 20,818,598,557 | 4,425,937,151 | 15,435,552,707 | 957,108,699 |
| Short term borrowings - secured | 7,680,241,848 | 12,809,441,017 | 12,809,441,017 | – | – |
| Lease liabilities | 1,460,474,747 | 1,666,395,459 | 787,273,025 | 879,122,434 | – |
| Accrued profit / interest / mark-up | 364,353,524 | 364,353,524 | 364,353,524 | – | – |
| Trade and other payables | 2,000,104,770 | 2,000,104,770 | 2,000,104,770 | – | – |
| Unclaimed dividend | 33,943,018 | 33,943,018 | 33,943,018 | – | – |
| | 28,271,478,114 | 37,692,836,345 | 20,421,052,505 | 16,314,675,141 | 957,108,699 |

Balances due within 12 months equal to their carrying amounts as the impact of discounting is not consider to be significant.

**48.1.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**i) Currency risk**

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered ino foreign currencies.

Financial assets of the Group include Rs. 10.97 (2020: Rs. nil) and financial liabilities of the Group include Rs. 42.35 million (2020: Rs. 1.64 million) in foreign currencies which are subject to currency risk exposure. The Group believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

**Foreign currency risk management**

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

**ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | Financial asset | Financial liability | Financial asset | Financial liability |
| **Non-derivative financial instruments** | **Note** | **Rupees** | **Rupees** | **Rupees** | **Rupees** |
| Fixed rate instruments: | | | | | |
| Long term financing - | | | | | |
| SBP Refinance Scheme | 8.1.1 | – | 635,248,242 | – | 861,987,928 |
| | | – | 635,248,242 | – | 861,987,928 |
| Variable rate instruments: | | | | | |
| Long term finances - secured | 8 | – | 14,207,411,546 | – | 15,870,372,279 |
| Lease receivable | 26 | 69,633,908 | – | – | – |
| Short term advances | 31 | 600,000,000 | – | 600,000,000 | – |
| Lease liabilities | 9 | – | 2,104,109,093 | – | 1,460,474,747 |
| Short term borrowings - secured | 13 | – | 3,433,591,564 | – | 7,680,241,848 |
| Cash at bank | 32.1 | 1,952,027 | – | 384,683 | – |
| | | 671,585,935 | 19,745,112,203 | 600,384,683 | 25,011,088,874 |
| | | 671,585,935 | 20,380,360,445 | 600,384,683 | 25,873,076,802 |

**Fair value sensitivity analysis for fixed-rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect these consolidated statement of profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020.

| | Profit or loss (100 bps) | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Increase | Decrease | Increase | Decrease |
| | Rupees | | | |
| | (190,735,263) | 190,735,263 | (252,726,921) | 252,726,921 |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

**Interest rate risk management**

The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long and short term financing / borrowing and obligation under finance lease has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

**iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to other price risk.

**48.2 Fair value measurements of financial instruments**

**Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these consolidated financial statements approximate their fair value.

**Fair value of financial instruments**

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale. Investment in subsidiary companies and associates are carried at cost.

**Fair value hierarchy**

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers occur. However, there were no transfers amongst levels during the year.

For details of the valuation techniques and significant unobservable inputs related to determining the fair value of biological assets, which are classified in level 3 of the fair value hierarchy, refer to note 27.

## 49. CAPITAL MANAGEMENT

The Board of directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as profit before operation divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

| | 2021<br>Rupees | 2020<br>Rupees |
|---|---|---|
| Total Debt | 19,036,336,233 | 25,028,729,809 |
| Less: Cash and bank balances | (283,941,075) | (318,004,072) |
| Net Debt | 18,752,395,158 | 24,710,725,737 |
| Total Equity | 15,969,985,632 | 11,360,733,278 |
| Total Capital Employed | 34,722,380,790 | 36,071,459,015 |
| | | |
| Gearing | 54% | 69% |

Total debt comprises of long term financing from banking companies / financial institutions, obligation under finance lease, short term borrowings and accrued mark-up.

Total equity includes issued, subscribed and paid-up share capital, share premium reserve and accumulated profits.

In accordance with the terms of agreement with the lenders of long term finances, the Group is required to comply with certain financial covenants in respect of capital requirements which the Group has complied with throughout the reporting period.

## 50. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, other related companies, Directors of the Group and entities under common directorship, key management personnel and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to these consolidated financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

| Name of company | Relationship | Nature of transactions | 2021 Rupees | 2020 Rupees |
|---|---|---|---|---|
| **JDW Aviation** | **Associated Company** | Reimbursement of expenses | 4,323,538 | 4,122,462 |
| **(Pvt.) Limited** | (Common directorship) | Refund of long term security deposit | 2,990,360 | – |
| | | | | |
| **Lahore Flying Club** | **Associated Company** | Services rendered against aircraft | | |
| **(Guarantee) Limited** | (Related party) | hangar | 1,764,087 | 1,927,193 |
| | | | | |
| **Post employment** | **Other related party** | Provident fund contribution | 274,576,884 | 236,881,511 |
| **benefit plans** | | Payment to recognised gratuity fund | 104,674,839 | 1,036,059 |
| | | Short term advances received | 250,000,000 | 1,130,000,000 |
| | | Short term advances paid | 250,000,000 | 1,130,000,000 |
| | | Mark-up paid on short term advances | 1,505,818 | 16,043,425 |
| | | | | |
| **Key management** | **Key management** | Consultancy services | 10,670,281 | 13,123,922 |
| **personnel** | | Dividend paid | – | 52,623,810 |
| | | Reimbursement of expenses | 5,342,790 | 582,093 |
| | **Kathai-II Hydro** | | | |
| | **(Pvt.) Limited** | Investment in shares | – | 2,500 |

**50.1** Detail of compensation to Chief Executive, Executive Directors, Non-Executive Directors and Executives is disclosed in note 47.

**50.2** There is no outstanding balance as at 30 September 2021 (2020: Nil) in respect of above transactions except as disclosed in respective notes to these consolidated financial statements.

**50.3** All transactions with related parties are entered into at agreed terms/contractual arrangement duly approved by the Board of Directors of the Group.

| | 2021 Tons | 2020 Tons |
|---|---|---|
| **51. CAPACITY AND PRODUCTION** | | |
| **Sugar** | | |
| **Holding Company:** | | |
| | | |
| **Unit I** | | |
| - Crushing capacity | 3,000,000 | 3,000,000 |
| - Sugar production | 255,396 | 260,845 |
| | | |
| **Unit II** | | |
| - Crushing capacity | 1,500,000 | 1,500,000 |
| - Sugar production | 159,800 | 153,173 |
| | | |
| **Unit III** | | |
| - Crushing capacity | 2,100,000 | 2,100,000 |
| - Sugar production | 140,946 | 134,202 |
| | | |
| **Subsidiary Company - DSML** | | |
| - Crushing capacity | 1,950,000 | 1,950,000 |
| - Sugar production | 125,757 | 122,831 |

The crushing capacity is based on 150 days (2020: 150 days) (for details, refer to note 19.1.19).
The main reason for under utilization of production capacity is lesser availability of sugarcane during the season.

| | 2021 MWh | 2020 MWh |
|---|---|---|
| **Co - Generation Power:** | | |
| **Unit II** | | |
| Installed capacity (based on 8,760 hours) | 233,016 | 233,016 |
| Energy generated | 218,299 | 176,510 |
| Energy delivered | 188,399 | 151,953 |
| | | |
| **Unit III** | | |
| Installed capacity (based on 8,760 hours) | 235,031 | 235,031 |
| Energy generated | 170,693 | 163,084 |
| Energy delivered | 141,530 | 138,420 |

Energy delivered to CPPA-G is dependent on the plant availability.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Corporate Farms** | **Zones** | **Acres/Maunds** | **Zones** | **Acres/Maunds** |
| Land (Acres) | Punjab & Sindh | 25,835 | Punjab & Sindh | 26,393 |
| Land under cultivation (Acres) | Punjab & Sindh | 20,539 | Punjab & Sindh | 22,011 |
| Crop harvested (Maunds) | Punjab & Sindh | 17,079,808 | Punjab & Sindh | 17,953,529 |

## 52. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Equity | | Liabilities | | | | |
| | Issued, subscribed and paid - up capital | Share premium | Unclaimed Dividend | Long term finances - secured | Lease Liabilities | Short term borrowings - secured | Accrued profit / interest / mark - up |
| | Rupees | | | | | | |
| Balance as at 01 October 2020 | 597,766,610 | 678,316,928 | 33,943,018 | 16,732,360,207 | 1,460,474,747 | 7,680,241,848 | 364,353,524 |
| **Changes from financing cash flows** | | | | | | | |
| Loans received during the year | - | - | - | 1,154,472,763 | - | 129,757,549,640 | - |
| Payments for lease liabilities | - | - | - | - | (889,296,947) | - | - |
| Dividend paid | - | - | (194,188) | - | - | - | - |
| Interest paid during the year | - | - | - | - | - | - | (2,723,191,360) |
| Loan repaid during the year | - | - | - | (3,086,059,359) | - | (131,840,507,395) | - |
| | - | - | (194,188) | (1,931,586,596) | (889,296,947) | (2,082,957,755) | (2,723,191,360) |
| **Other changes - liability related** | | | | | | | |
| Interest expense for the year | - | - | - | - | 178,103,402 | - | 2,667,806,480 |
| Addition in lease liabilities | - | - | - | - | 1,405,892,658 | - | - |
| Decrease in short term finances | - | - | - | - | - | (2,163,692,529) | - |
| Impact of IAS 20 | - | - | - | 41,886,177 | - | - | - |
| Others | - | - | - | - | (51,064,767) | - | - |
| **Total liability-related other changes** | - | - | - | 41,886,177 | 1,532,931,293 | (2,163,692,529) | 2,667,806,480 |
| **Balance as at 30 September 2021** | 597,766,610 | 678,316,928 | 33,748,830 | 14,842,659,788 | 2,104,109,093 | 3,433,591,564 | 308,968,644 |

| | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Equity | | Liabilities | | | | |
| | Issued, subscribed and paid - up capital | Share premium | Unclaimed Dividend | Long term finances - secured | Lease Liabilities | Short term borrowings | Accrued profit / interest / mark - up |
| | Rupees | | | | | | |
| Balance as at 01 October 2019 | 597,766,610 | 678,316,928 | 31,620,357 | 11,297,059,365 | 224,596,749 | 17,127,247,149 | 812,977,488 |
| Impact of initial application of IFRS 16 | - | - | - | - | 1,508,973,262 | - | - |
| Balance as at 01 October 2019 - adjusted | 597,766,610 | 678,316,928 | 31,620,357 | 11,297,059,365 | 1,733,570,011 | 17,127,247,149 | 812,977,488 |
| **Changes from financing cash flows** | | | | | | | |
| Loans received during the year | - | - | - | 14,538,024,598 | - | 153,229,396,874 | - |
| Payments for lease liabilities | - | - | - | - | (860,856,028) | - | - |
| Dividend paid | - | - | (595,443,949) | - | - | - | - |
| Transaction cost paid during the year | - | - | - | (57,750,000) | - | - | - |
| Interest paid during the year | - | - | - | - | - | - | (4,189,189,019) |
| Loan repaid during the year | - | - | - | (8,983,075,110) | - | (162,062,783,805) | - |
| | - | - | (595,443,949) | 5,497,199,488 | (860,856,028) | (8,833,386,931) | (4,189,189,019) |
| **Other changes - liability related** | | | | | | | |
| Interest expense for the year | - | - | - | - | 190,947,774 | - | 3,740,565,055 |
| Addition in lease liabilities | - | - | - | - | 398,032,110 | - | - |
| Dividend approved | - | - | 597,766,610 | - | - | - | - |
| Decrease in short term finances | - | - | - | - | - | (613,618,370) | - |
| Impact of IAS 20 | - | - | - | (67,748,177) | - | - | - |
| Amortization of transaction cost | - | - | - | 5,849,531 | - | - | - |
| Others | - | - | - | - | (1,219,120) | - | - |
| Total liability-related other changes | - | - | 597,766,610 | (61,898,646) | 587,760,764 | (613,618,370) | 3,740,565,055 |
| **Balance as at 30 September 2020** | 597,766,610 | 678,316,928 | 33,943,018 | 16,732,360,207 | 1,460,474,747 | 7,680,241,848 | 364,353,524 |

## 53. NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

| | 2021 Number | 2020 Number |
|---|---|---|
| Average number of employees during the year | 8,595 | 9,260 |
| Total number of employees as at 30 September | 7,102 | 6,512 |

## 54. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 05 January 2022 by the Board of Directors of the Group.

## 55. SUBSEQUENT EVENTS

**55.1** The Holding Company has filed an application dated 08 December 2021 to Securities Exchange Commission of Pakistan ('SECP') for Group Taxation under regulation 8 of the Group Companies Registration Regulation 2008. The above mentioned application has been considered by the SECP dated 27 December 2021 and issued the designation letter to the Holding Company for Group Taxation for the Group which comprises of the Holding Company and its wholly owned subsidiary, Deharki Sugar Mills (Pvt.) Limited.

**55.2** The Board of Directors in their meeting held on 05 January 2022 has proposed final cash dividend for the year ended 30 September 2021 of Rs. 10 (2020: Rs. Nil) per share amounting to Rs. 597.766 million (2020: Rs. Nil) subject to the approval of the Holding Company in the forthcoming annual general meeting. These financial statements do not include the effect of the above which will be accounted for in the year in which it is approved.

## 56. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever considered necessary, for the purposes of comparison and better presentation to comply with the requirements of the accounting and reporting standards as applicable in Pakistan, however, no significant re-arrangements and reclassification have been made during the year except sale of mud re-classified from "other income" to "revenue from contracts with customers" having value Rs. 231.49 million in financial year 2020.

Chief Financial Officer | Chief Executive | Director

06

# Shareholders' Information

# NOTICE OF 32nd ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Summit Hall, Royal Palm Golf & Country Club, 52-Canal Bank Road, Lahore on Friday, January 28, 2022 at 09:30 a.m., to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the last Extraordinary General Meeting held on November 01, 2021.

2. To receive, consider and adopt the Audited Un-Consolidated and Consolidated Financial Statements of the Company for the financial year ended on September 30, 2021 together with Chairman's Review, Directors' and Auditors' Reports thereon.

3. To approve payment of Final Cash Dividend @ Rs. 10/- per share i.e. 100%, as recommended by the Board on January 05, 2022 for the financial year ended on September 30, 2021.

4. To appoint Statutory Auditors of the Company for the next financial year ending on September 30, 2022 and to fix their remuneration. The Board, based on the recommendation of the Audit Committee, has recommended the appointment of retiring Auditors M/s Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, who being eligible, have offered themselves for re-appointment as Auditors of the Company.

5. To transact any other business with permission of the Chair.

**By Order of the Board**

07 January 2022
Lahore

**(Maqsood Ahmad Malhi)**
**Company Secretary / Legal Head**

# Notes:

## A. General

i) All members are entitled to attend and vote at Annual General Meeting (the "**AGM**").

ii) The share transfer books of the Company will remain closed from Friday, January 21, 2022 to Friday, January 28, 2022 (both days inclusive). Transfers received in order at the Company's Registered Office or Corplink (Private) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore (the "**Shares' Registrar**") by the close of business on January 20, 2022, will be treated in time and considered for dividend entitlement etc.

iii) Members are requested to promptly submit to the Shares' Registrar/the Company / their Participant (if applicable):

a) Any change in their contact details/address;

b) IBAN under Section 242 of the Companies Act, 2017 (the "Act") through Mandate Form available at www.jdw-group.com; and

c) Form CZ-50 (Non-deduction of Zakat).

iv) Members, who by any reason, could not claim their dividends/shares, if any, are advised to contact Company's Shares' Registrar to collect/inquire about their unclaimed dividends/shares.

v) In terms of Section 132(2)/134(1)(b) of the Act and GoP/SECP guidelines issued from time to time, the Company has put in place necessary arrangements for virtual participation of members in the AGM. Interested members may contact at maqsoodmalhi@jdw-group.com with their identity/comments atleast one (01) day before the AGM.

## B. For Attending the AGM and Identification

i) <u>In case of individuals:</u> Original Computerized National Identity Card or Passport be shown for Identification.

ii) <u>In case of Corporate Entity:</u> The Board resolution/ Power of Attorney with specimen signature of the representative be shown for Identification.

## C. For Appointing the Proxies

Members entitled to attend and vote at the AGM may appoint a proxy/nominee in writing to attend the AGM and vote on their behalf. Duly completed Proxy Form / Authorization must be deposited with the Company at its Registered office not later than 48 hours before the scheduled AGM time. Proxy Form / Authorization must be complete/valid and accompanied with following:

a) witnessed by two persons

b) attested copies of CNIC or passport of Member and proxy / representative

## D. Replacement of Physical Shares into CDC Account

Members, who hold physical shares, are advised to convert their shares into CDC in terms of Section 72 of the Act.

## E. Withholding Tax on Dividend

Pursuant to the provisions of the Income Tax Ordinance, 2001, income tax on dividend payments shall be 15% for Filer and 30% for Non-Filer. Moreover, proportionate shareholding of joint shareholders shall be treated (50:50) unless they update their proportionate of shareholding otherwise.

## F. Placement of Financial Statements on Website

The financial statements of the Company for the financial year ended on September 30, 2021 will also be uploaded on Company's website.

## D. CDC اکاؤنٹ میں فزیکل حصص کی تبدیلی

فزیکل حصص کے مالک اراکین کو اپنے حصص ایکٹ کے سیکشن 72 کے تحت CDC میں تبدیل کرنے کی تجویز دی جاتی ہے۔

## E. منافع منقسمہ پر ودہولڈنگ ٹیکس کٹوتی

انکم ٹیکس آرڈیننس 2001ء کے قواعد کی پیروی میں منافع منقسمہ کی رقوم پر فائلر اور نان فائلر کے لئے انکم ٹیکس بالترتیب 15 فی صد اور 30 فی صد عائد ہوگا۔ مزید برآں، تاوقتیکہ وہ اپنی شیئر ہولڈنگ کے تناسب کی تجدید نہ کرائیں مشترکہ شیئر ہولڈرز کی متناسب شیئر ہولڈنگ کو (50:50) کا تناسب شمار کیا جائے گا۔

## F. ویب سائٹ پر آڈٹ شدہ مالیاتی گوشوارے کی اشاعت

30 ستمبر 2021ء کو اختتام پذیر مالی سال کے لئے کمپنی کے آڈٹ شدہ گوشوارے بمعہ رپورٹس کمپنی کی ویب سائٹ پر بھی شائع کردی جائیں گی۔

# نوٹس برائے 32واں سالانہ اجلاسِ عام

## جے ڈی ڈبلیو شوگر ملز لمیٹڈ

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ (''کمپنی'') کا 32واں سالانہ اجلاسِ عام سمٹ ہال، رائل پام گولف اینڈ کنٹری کلب، 52-کینال بینک روڈ، لاہور میں بروز جمعہ 28 جنوری 2022ء کو صبح 09:30 بجے درج ذیل اُمور کی انجام دہی کے لئے منعقد ہوگا۔

### عمومی امور:

1 یکم نومبر 2021ء کو منعقدہ گذشتہ غیر معمولی اجلاسِ عام کی کارروائی کی توثیق کرنا۔

2 30 ستمبر 2021ء کے مالی سال کے لئے کمپنی کے سالانہ آڈٹ شدہ انفرادی اور مشترکہ گوشوارے معہ ان پر چیئرمین، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور وخوض اور منظور کرنا۔

3 30 ستمبر 2021ء کے مالی سال کے لئے 05 جنوری 2022ء کو بورڈ کی سفارشات پر 10 روپے فی حصص، 100% کی شرح سے حتمی نقد منافع منقسمہ کی ادائیگی کو منظور کرنا۔

4 اگلے مالی سال 2022-2021 کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے معاوضے طے کرنا۔ سبکدوش ہونے والے آڈیٹرز میسرز ریاض احمد، ثاقب، گوہر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے اور بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات کی بنیاد پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

5 صاحب صدر کی جانب سے دیگر امر پر کارروائی کرنا۔

بمقام: لاہور

مورخہ: 07 جنوری 2022ء

بحکم بورڈ

(مقصود احمد ملہی)

(کمپنی سیکریٹری/لیگل ہیڈ)

### نوٹس:

### A. عمومی اُمور

(i) تمام اراکین سالانہ اجلاسِ عام (''AGM'') میں شرکت اور رائے شماری کے اہل ہیں۔

(ii) کمپنی کے شیئرز ٹرانسفر کھاتہ جات جمعہ 21 جنوری 2022ء سے جمعہ 28 جنوری 2022ء (بشمول دونوں ایام) بند رہیں گی۔ 20 جنوری 2022ء کو کاروبار بند ہونے تک کمپنی کے رجسٹرڈ آفس یا کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن لاہور (شیئرز رجسٹرار) کو موصول ہونے والی ٹرانسفرز کو بروقت وصولی شمار کیا جائے گا اور انہیں ڈیویڈنڈ وصول کرنے اور AGM میں رائے شماری کا حق حاصل ہوگا۔

(iii) اراکین سے درخواست ہے کہ وہ شیئرز رجسٹرار/کمپنی/متعلقہ بروکرز کو مندرجہ ذیل تفصیلات فراہم کریں:

(a) اپنی رابطہ کی تفصیلات/پتہ میں تبدیلی۔

(b) IBAN زیر دفعہ 242 کمپنیز ایکٹ 2017ء (''ایکٹ'') بذریعہ مینڈیٹ فارم جو کہ کمپنی کی ویب سائٹ پر دستیاب ہے۔

(c) CZ-50 فارم (زکوٰۃ سے استثنیٰ)۔

(iv) ایسے اراکین جو کسی وجہ سے اپنے گذشتہ منافع منقسمہ/حصص (اگر کوئی ہے) حاصل نہیں کر سکے تو اُن سے گذارش ہے کہ وہ کمپنی کے شیئرز رجسٹرار سے رابطہ کر کے ان کی وصولی سے متعلق معلومات حاصل کریں۔

(v) ایکٹ کے سیکشن 134(1)/(2)132 اور حکومت پاکستان/SECP کی ہمہ وقت جاری کردہ ہدایات کے مطابق کمپنی نے AGM میں فاصلاتی (virtual) شرکت کے لئے ضروری انتظامات کئے ہیں۔ دلچسپی رکھنے والے اراکین AGM کے انعقاد سے ایک (01) یوم قبل اپنی شناخت/رائے کے ساتھ maqsoodmalhi@jdw-group.com سے رابطہ کر سکتے ہیں۔

### B. AGM میں شرکت اور شناخت کے لئے

(i) فردِ واحد کی صورت میں: اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ شناخت کے لئے پیش کیا جائے۔

(ii) ادارے کی صورت میں: بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نمائندے کے نمونہ دستخط شناخت کے لئے پیش کئے جائیں۔

### C. پراکسیز کی تقرری کے لئے

AGM میں شرکت اور رائے شماری کے اہل اراکین اپنی جگہ AGM میں شرکت اور رائے شماری کے لئے تحریری طور پر پراکسی/نمائندہ مقرر کر سکتے ہیں۔ باقاعدہ مکمل پراکسی فارم AGM کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرائے جائیں۔ مکمل پُر شدہ پراکسی فارم مندرجہ ذیل منسلکات کے ساتھ ہونے چاہئیں:

(a) دو افراد سے گواہ شدہ۔

(b) رکن اور پراکسی/نمائندے کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول۔

# PATTERN OF SHAREHOLDING

## The Companies Act, 2017 {Section 227(2)(f)}

| | | |
|---|---|---|
| **1.1** | Name of the Company | JDW Sugar Mills Limited |
| **2.1** | Pattern of holding of the shares held by the shareholders as at | 30 Sep 2021 |

| **2.2 No. of Shareholders** | **Shareholding** | | **Total Shares Held** |
|---|---|---|---|
| | **From** | **To** | |
| 342 | 1 | 100 | 10,519 |
| 403 | 101 | 500 | 126,670 |
| 92 | 501 | 1,000 | 72,337 |
| 265 | 1,001 | 5,000 | 427,208 |
| 15 | 5,001 | 10,000 | 102,171 |
| 10 | 10,001 | 15,000 | 124,104 |
| 4 | 15,001 | 20,000 | 76,006 |
| 1 | 20,001 | 25,000 | 24,581 |
| 5 | 25,001 | 30,000 | 142,228 |
| 1 | 30,001 | 35,000 | 30,250 |
| 2 | 35,001 | 40,000 | 75,014 |
| 2 | 50,001 | 55,000 | 109,311 |
| 2 | 60,001 | 65,000 | 126,927 |
| 1 | 75,001 | 80,000 | 78,270 |
| 1 | 100,001 | 105,000 | 100,150 |
| 2 | 105,001 | 110,000 | 212,473 |
| 2 | 110,001 | 115,000 | 229,551 |
| 1 | 115,001 | 120,000 | 117,407 |
| 1 | 190,001 | 195,000 | 192,548 |
| 1 | 195,001 | 200,000 | 200,000 |
| 1 | 205,001 | 210,000 | 208,167 |
| 1 | 275,001 | 280,000 | 278,270 |
| 1 | 345,001 | 350,000 | 348,494 |
| 1 | 365,001 | 370,000 | 367,327 |
| 1 | 595,001 | 600,000 | 597,423 |
| 1 | 650,001 | 655,000 | 651,864 |
| 1 | 775,001 | 780,000 | 775,378 |
| 1 | 1,020,001 | 1,025,000 | 1,025,000 |
| 1 | 1,050,001 | 1,055,000 | 1,053,281 |
| 1 | 1,425,001 | 1,430,000 | 1,430,000 |
| 1 | 1,885,001 | 1,890,000 | 1,885,636 |
| 1 | 2,120,001 | 2,125,000 | 2,123,648 |
| 1 | 2,140,001 | 2,145,000 | 2,143,648 |
| 1 | 2,215,001 | 2,220,000 | 2,216,145 |
| 1 | 2,955,001 | 2,960,000 | 2,957,342 |
| 1 | 4,435,001 | 4,440,000 | 4,437,381 |
| 1 | 8,495,001 | 8,500,000 | 8,499,012 |
| 1 | 9,705,001 | 9,710,000 | 9,706,988 |
| 1 | 16,490,001 | 16,495,000 | 16,493,932 |
| **1,172** | | | **59,776,661** |

| 2.3 Categories of shareholders | Share held | Percentage |
|---|---|---|
| **2.3.1** Directors, Chief Executive Officer, and their spouse and minor children | 28,588,575 | 47.8256% |
| **2.3.2** Associated Companies, undertakings and related parties (Parent Company) | – | 0.0000% |
| **2.3.3** NIT and ICP | 18,150 | 0.0304% |
| **2.3.4** Banks Development Financial Institutions, Non Banking Financial Institutions | 15,036 | 0.0252% |
| **2.3.5** Insurance Companies | – | 0.0000% |
| **2.3.6** Modarabas and Mutual Funds | 6,100 | 0.0102% |
| **2.3.7** Shareholders holding 10% or more | 37,183,213 | 62.2036% |
| **2.3.8** General Public | | |
| a. Local | 26,515,533 | 44.3577% |
| b. Foreign | – | 0.0000% |
| **2.3.9** Others (to be specified) | | |
| - Joint Stock Companies | 1,581,109 | 2.6450% |
| - Investment Companies | 2,085 | 0.0035% |
| - Foreign Companies | 2,995,145 | 5.0106% |
| - Others | 54,928 | 0.0919% |

# CATEGORIES OF SHAREHOLDING

| Sr. No. | Name | No. of Shares Held | Percentage |
|---|---|---|---|
| **Associated Companies, Undertakings and Related Parties (Name Wise):** | | – | – |
| **Mutual Funds (Name Wise Detail)** | | – | – |
| **Directors, CEO and their Spouse and Minor Children (Name Wise):** | | | |
| 1 | Mr. Jahangir Khan Tareen | 9,552,293 | 15.9800% |
| 2 | Mukhdoom Syed Ahmad Mahmud | 16,493,932 | 27.5926% |
| 3 | Mr. Ijaz Ahmed | 2,429 | 0.0041% |
| 4 | Mr. Asim Nisar Bajwa | 1,421 | 0.0024% |
| 5 | Mr. Raheal Masud | 500 | 0.0008% |
| 6 | Mrs. Samira Mahmud | 651,864 | 1.0905% |
| 7 | Mr. Qasim Hussain Safdar | 500 | 0.0008% |
| 8 | Mrs. Amina Tareen W/o Mr. Jahangir Khan Tareen | 1,885,636 | 3.1545% |
| **Executives:** | | 5,462,386 | 9.1380% |
| **Public Sector Companies & Corporations:** | | – | – |
| **Banks, Development Finance Institutions, Non Banking Finance Intitutions, Insurance Companies and Modarabas:** | | 21,136 | 0.0354% |
| **Shareholders holding five percent or more voting intrest in the listed company (Name Wise)** | | | |
| 1 | Mr. Jahangir Khan Tareen | 9,552,293 | 15.9800% |
| 2 | Mukhdoom Syed Ahmad Mahmud | 16,493,932 | 27.5926% |
| 3 | Mr. Ali Khan Tareen | 11,136,988 | 18.6310% |
| 4 | Rana Nasim Ahmed | 4,437,381 | 7.4233% |

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

| Sr. No. | Name | Sale | Purchase |
|---|---|---|---|
| 1 | Mr. Muhammad Rafique | – | 200,000 |

Proxy Form

# JDW Sugar Mills Limited

## 32nd Annual General Meeting

Folio No./CDC A/c No. ____________________

I/We ________________________________________ of ________________________________________

in the district of ______________________________ being a member/members of JDW Sugar Mills Limited

holding ____________________ shares of Rs.10 each, hereby appoint Mr./Ms.________________________

of ____________________________________________ failing him / her, ____________________________

of ______________________________ as my/our proxy to vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Friday, January 28, 2022 at 9:30 a.m. at Summit Hall, Royal Palm Golf & Country Club, 52-Canal Bank Road, Lahore and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this ________________ day of January, 2022.

_________________

(Member's Signature)

Affix Revenue stamp of Rs. 50/-

Witnesses:

| | 1. | 2. |
|---|---|---|
| Signature: | ____________________ | ____________________ |
| Name: | ____________________ | ____________________ |
| CNIC: | ____________________ | ____________________ |
| Address: | ____________________ | ____________________ |
| | ____________________ | ____________________ |

Note:

All Proxy Form, in order to be effective must be received at the Company's registered office not later than forty eight (48) hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.

AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.

# پراکسی فارم

## جے ڈی ڈبلیو شوگر ملز لمیٹڈ کا 32 واں (بتیسواں) سالانہ اجلاسِ عام

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: ____________

میں / ہم ____________ ساکن ____________
ضلع ____________ بحیثیت رُکن جے ڈی ڈبلیو شوگر ملز لمیٹڈ حامل ____________ عام حصص مبلغ 10 روپے ہر ایک شیئر،
مسمی / مسماۃ ____________ ساکن ____________
یا اُس کی عدم موجودگی میں ____________ کو بطور مختار (پراکسی) مقرر کرتا / کرتے ہیں تا کہ وہ میری / ہماری طرف سے کمپنی کے 32 ویں سالانہ اجلاسِ عام جو کہ بتاریخ 28 جنوری 2022، بروز جمعہ بوقت صبح 9:30 بجے بمقام سمٹ ہال، رائل پام گالف اینڈ کنٹری کلب، 52-کینال بینک روڈ، لاہور میں منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ ____________ جنوری 2022، کو میرے دستخط سے جاری ہوا۔

پچاس روپے کی
ریوینیو ٹکٹ
چسپاں کریں

ممبر کے دستخط ____________

گواہان:

| | 1- | 2- |
|---|---|---|
| دستخط: | ____________ | ____________ |
| نام: | ____________ | ____________ |
| شناختی کارڈ نمبر: | ____________ | ____________ |
| پتہ: | ____________ | ____________ |

نوٹ:

ہر لحاظ سے مکمل پراکسی فارم کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً جمع ہو جانا چاہیے۔

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CORRECT
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The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.


JDW
FARMERS' FIRST CHOICE

www.jdw-group.com

2021 Annual Report

JDW

JDW Sugar Mills Limited
Head Office: 17-Abid Majeed Road,
Lahore Cantonment, Lahore Pakistan.